DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

THIRD SESSION—TWENTIETH PARLIAMENT

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11 GEORGE VI, 1947

VOLUME IV, 1947

COMPRISING THE PERIOD FROM THE THIRTEENTH DAY OF MAY, 1947,
TO THE TENTH DAY OF JUNE, 1947, INCLUSIVE

BEING

VOLUME CCLVII FOR THE PERIOD 1875-1947

INDEX ISSUED IN A SEPARATE VOLUME

OTTAWA
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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
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1948

HOUSE OF COMMONS

DEBATES

OFFICIAL REPORT

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House of Commons Debates

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Tuesday, May 13, 1947

The house met at three o'clock.

PRIVILEGE

REFERENCE TO PHOTOGRAPH IN BRANTFORD "EXPOSITOR" OF APRIL 30

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, I rise to a question of privilege. My attention has just been called to the issue of the Brantford *Daily Expositor,* of Wednesday, April 30, 1947, which contains a statement as to the budget proposals, and on the front page is a reproduction of the photograph of a very handsome gentleman with a black moustache. Printed beneath the picture there appear the words "The Hon. Douglas Abbott, Dominion Finance Minister". Unfortunately the photograph is that of the Hon. Maurice Duplessis, premier of Quebec, and in view of the wide circulation which I know this publication enjoys in western Ontario, I felt, in justice both to Mr. Duplessis and to myself, that I should make this explanation.

CIVIL SERVICE

REFERENCE TO NUMBER OF EMPLOYEES IN RELATION TO POPULATION

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, may I take this opportunity, on a question of privilege, to make a correction at page 2990 of *Hansard.* On line twenty-one, in the second column, I inadvertently said "seven people". It should be seventy people.

WHEAT

DELIVERIES BETWEEN MAY 15 AND JUNE 30—SPECIAL INCOME TAX ARRANGEMENT

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, a year ago the dominion government announced a special income tax arrangement available in respect to wheat marketed between April 1, 1946, and June 30, 1946. This arrangement was made because wheat was urgently needed for overseas shipment. Under this plan a considerable quantity of wheat was made available by producers a year ago and this wheat was promptly moved forward to needy countries. The plan provided an arrangement whereby producers could deliver their wheat during a limited period with the actual cash settlement taken at the producers' option in 1946, 1947 or 1948. Producers taking advantage o fthis plan received what was known as an emergency wheat receipt. The plan was entirely optional and producers delivering wheat during the period of time set forth could take advantage of the special arrangement or deliver their wheat in the usual manner.

The need for wheat overseas is just as urgent this year. With a greatly improved transportation position, wheat delivered now can be moved overseas in a very short period of time. The government and the Canadian wheat board have received many requests for a similar plan for a limited period in 1947.

The government has decided to make substantially the same plan available in connection with wheat delivered by producers in western Canada between May 15 and June 30. Under the plan which the government is proposing for this year, producers will be able to take cash settlement at their option in 1947, 1948 or 1949.

The dominion government feels that an arrangement of this kind is worth while if it will make more wheat available for overseas shipment during the balance of the present crop year. Full details of the plan will be announced at an early date by the Canadian wheat board.

REDISTRIBUTION

TEMISCOUATA COUNTY—REFERENCE OF PETITION TO COMMITTEE ON STANDING ORDERS

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): With the consent of the house I move, seconded by the hon. member for Quebec-Montmorency (Mr. LaCroix):

That the petition of 144 electors of the parish of Squatteck who are opposed to the separation of the said parish from the federal electoral district of Temiscouata, together with a letter on

the same subject from J. A. Laforest, mayor of Squatteck, Temiscouata county, be referred to the standing committee on standing orders.

I would read the accompanying letter from His Worship the Mayor, but it is such a fine one that I should be embarrassed if I did so.

Motion agreed to.

FISHERIES RESEARCH BOARD

PROVISION FOR SCIENTIFIC, TECHNICAL AND OTHER OFFICERS AND EMPLOYEES

Hon. H. F. G. BRIDGES (Minister of Fisheries) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to amend the Fisheries Research Board Act to provide for the election of a vice-chairman, the appointment of an executive director who shall be the secretary of the board, and for the employment of such scientific, technical and other officers and employees as may be necessary for the proper performance of the board's work; and for the emoluments, salary or remuneration, as the case may be, of such officers and employees, also for the application to them of the Civil Service Superannuation Act as well as of the benefits enjoyed by civil servants.

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.

DOMINION—PROVINCIAL RELATIONS

INQUIRY REGARDING OFFER TO NOVA SCOTIA—REQUEST FOR TABLING OF RECENT CORRESPONDENCE

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I wish to direct a question to the Minister of Finance. It has to do with the subject of dominion-provincial relations. In view of the press reports with regard to Nova Scotia's attitude to the dominion's proposal with respect to dominion-provincial relations, will the minister say whether there has been any recent offer or any implied change in the offer made to the Nova Scotia government which has not been made to the other provinces? Will the minister table the recent correspondence with the province of Nova Scotia, more particularly a reported letter from the minister dated April 21?

Hon. DOUGLAS ABBOTT (Minister of Finance): The answer to the first part of my hon. friend's question is, no. As to the second part, I think it is the intention of the Prime Minister (Mr. Mackenzie King) to table the correspondence between the dominion and the provincial premiers since the last correspondence was tabled.

Right Hon. W. L. MACKENZIE KING (Prime Minister): With the permission of the house, I should like to table the correspondence in English since January 30, 1947, on matters of substance regarding tax agreements with the provinces.

Mr. BRACKEN: Will the government give consideration to the printing of this correspondence separately, or to having it appear in *Hansard*? I think the other correspondence was printed.

Mr. MACKENZIE KING: I think the other correspondence was printed in the *Votes and Proceedings*. If that is correct, I would ask that this correspondence be printed in the *Votes and Proceedings* of today.

CEMENT

AVAILABILITY TO VETERANS FOR CONSTRUCTION OF HOUSES

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): I should like to direct a question to the Minister of Reconstruction. On Friday he told the house that he would make a statement about the fifty per cent priority to veterans building their own houses. He said on Friday that priority was eliminated. Can he make a statement now?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I asked that a proper statement be prepared, but I am sorry to say that it has not yet been delivered to me. I will promise to make a statement not later than tomorrow.

Mr. FRASER: The reason I asked the question today is that the building supply men had no word of this until Saturday.

Some hon. MEMBERS: Order.

VETERANS AFFAIRS

AWARD BY U.S. GOVERNMENT OF MEDAL OF FREEDOM TO F. J. A. ORCHARD

On the orders of the day:

Mr. RALPH MAYBANK (Winnipeg South Centre): I desire to ask a question of the Minister of Veterans Affairs or his parliamentary assistant. Is he aware of the signal honour which has been paid by another government to a distinguished Canadian veteran? I am referring to Mr. F. J. A. Orchard of Winnipeg, former president of the International War Veterans Alliance.

Mr. W. A. TUCKER (Parliamentary Assistant to the Minister of Veterans Affairs): I am glad that the hon. member brought this

to my attention. I had intended referring to it in the house. The United States government has awarded the Medal of Freedom to Mr. Orchard for exceptionally meritorious service. As this is a most unusual distinction, I should like to inform hon. members of the reason for this recognition of a Canadian citizen. The International War Veterans Alliance, of which Mr. Orchard was president, is composed of members of the American Legion, the Canadian Legion, the Army, Navy and Air Force Veterans and the War Amputations of Canada. It was founded with the purpose of promoting international good will and understanding among ex-service men and women on both sides of the international boundary. As a gesture of friendship, the Canadian members of this organization during the war set up in Winnipeg an information centre for members of the United States forces passing through Winnipeg. During the three years this booth was in operation, under Mr. Orchard's direction, service was rendered to 55,000 United States troops. I am told that Mr. Orchard personally was responsible for a great deal of the success of the work which was done. It is felt that the recognition he has been given is well merited.

PUBLIC HOLIDAYS

REQUEST FOR OBSERVANCE ON MONDAY OF VICTORIA AND DOMINION DAYS

On the orders of the day:

Mr. D. G. ROSS (St. Paul's): I wish to direct a question to the Prime Minister. I notice in the Ottawa *Journal* this morning reference to a suggestion in the Kingston *Whig-Standard* that our fixed annual and national holidays be observed on Mondays to give the general public the benefit of a few long week-ends, especially in summer. Victoria day falls this year on Saturday, which is a half holiday for most people. Dominion day comes on a Tuesday. Will the government consider having these holidays observed on Monday instead of Saturday?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am only one member of the government, but I shall be pleased to have my colleagues join with me in considering this matter.

BUTTER

INQUIRY REGARDING FLOOR PRICE

On the orders of the day:

Mr. R. E. DROPE (Northumberland, Ont.): I should like to direct a question to the Minister of Agriculture. Will a floor price be put on butter this year?

Mr. FRASER: Come on, answer. That is the first time the minister has been stumped.

An hon. MEMBER: That is the $64 question.

Mr. DROPE: May I ask if I will get an answer to my question?

Mr. SPEAKER: I am sorry to interrupt the hon. gentleman, but I do not see any urgency in the question.

UNEMPLOYMENT INSURANCE

REMOVAL OF OFFICE FROM SASKATOON TO WINNIPEG

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I should like to direct a question to the Minister of Labour, arising out of a telegram I have just received from the Saskatoon city council with reference to the intended removal of the compensation claims branch of the unemployment insurance office from Saskatoon to Winnipeg, Manitoba, on the ground that the number concerned in Saskatchewan are so small. Will the minister state whether or not reconsideration will be given the decision to remove this office, by reason of the numbers who will be affected and who are subject to unemployment insurance in Saskatchewan?

Hon. HUMPHREY MITCHELL (Minister of Labour): In the first place, Mr. Speaker, since many hon. friends in the opposition have discussed at length the size of the civil service and why the government has not moved with greater expedition in that regard, I want to thank the hon. member for Lake Centre (Mr. Diefenbaker) for raising this question. This office comes under the jurisdiction of the unemployment insurance commission. Since the war ended we have set in motion a policy to reduce the numerical strength of what was then known as selective service. The unemployment insurance commission decided that on the ground of efficiency, or they so inform me, this function of their work should be centralized in the city of Winnipeg. I am afraid that decision will have to stand; and might I say that to some extent this question does show the inconsistency of the opposition in these matters.

Mr. DIEFENBAKER: Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. DIEFENBAKER: I asked a question; I made no suggestions—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. In spite of the rules I permitted the hon. member to put

quite a lengthy question and the minister to make quite a lengthy answer. I think that should be satisfactory to both parties. Orders of the day.

Mr. DIEFENBAKER: Mr. Speaker—

An hon. MEMBER: Ah-h-h.

Mr. DIEFENBAKER: That interruption was the most intelligent statement the hon. gentleman has ever made. I rise on a question of privilege.

Some hon. MEMBERS: Order.

Mr. DIEFENBAKER: I am not a bit disturbed. I have the same rights as any minister.

Some hon. MEMBERS: Order.

Mr. DIEFENBAKER: I asked the minister a question and in reply he made a political speech. I have a right to point out that there was no justification—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. I would ask the hon. gentleman to be kind enough to abide by the rules. He has put his question and he should be satisfied with the answer.

Mr. DIEFENBAKER: Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. DIEFENBAKER: Again on a question of privilege, sir, the rule you applied should be applied equally to the government benches in this house.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. I would ask the hon. member to be kind enough to retract what he has just said.

Mr. DIEFENBAKER: I have nothing to withdraw, Mr. Speaker.

Some hon. MEMBERS: Reflection on the Chair.

Mr. SPEAKER: Order. I would ask hon. members to be kind enough to cooperate with the Speaker, one of whose principal duties is to protect freedom of speech in this house. I would ask hon. members to allow the hon. member for Lake Centre to give the explanation he wishes to give; but before the hon. member rises I would ask him again to be kind enough to withdraw what he just said about the Speaker.

Mr. DIEFENBAKER: Mr. Speaker, I made no suggestion about you. My hon. friends over there—

Some hon. MEMBERS: Order.

Mr. DIEFENBAKER: I am explaining. My hon. friends over there have a way of trying to prevent us over here from saying anything, by trying to howl us down. What I said, sir, was that we have the same rights on this side of the house as have any members on the government side. There was no suggestion about Your Honour.

Some hon. MEMBERS: Withdraw.

Mr. MUTCH: On a question of privilege, Mr. Speaker, the hon. gentleman who just resumed his seat made a statement which is not in accordance with the facts and impugned every hon. member of this house.

Some hon. MEMBERS: Order.

Mr. MUTCH: Just a minute, now. That is what he did when he said that we on this side of the house have attempted to howl down any member of the opposition. Some of us may have tried to insist that the same rule which applies to the rest of the house shall apply to the distinguished member and others in the opposition.

Mr. HOMUTH: Are you talking for a ministerial seat?

Mr. MUTCH: Over here there is a chance; over there, none.

Mr. SPEAKER: Order. I consider the incident closed; but I want it to be thoroughly understood that the hon. member for Lake Centre has said that he did not impute any improper motives to the Speaker.

SUPPLY

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee of supply.

Motion agreed to and the house went into committee of supply, Mr. Macdonald (Brantford City) in the chair.

INTERIM SUPPLY BILL

Mr. ABBOTT moved:

That a sum not exceeding $95,969,200.11, being one-twelfth of each of the several items to be voted as set forth in the estimates for the fiscal year ending March 31, 1948, laid before the House of Commons at the present session of parliament, plus an additional sum not exceeding $5,853,666.66, being eight-twelfths of the amount of item 485 and nine-twelfths of item 610 of the said estimates, a total of $101,822,866.77, be granted to His Majesty, on account, for the fiscal year ending 31st March, 1948.

He said: The committee will recall that the house has already granted interim supply covering one-sixth of all the items in the main and supplementary estimates for the current fiscal year, and an additional one-twelfth of certain other services of a seasonal

or sessional nature, as detailed in the schedule attached to the act. That supply will ordinarily run out about the end of this month, but I understand that there is to be royal assent tomorrow and that the other place proposes to adjourn for two weeks. Therefore I spoke to the leader of the opposition (Mr. Bracken) and the leaders of the other groups opposite and suggested they might be willing to pass additional interim supply today, an additional one-twelfth for most of the items, but in addition the full amount of two special items in the agriculture estimates. The first is item 485, amounting to $2,030,500, which covers subsidies on milk for butter, cheese and concentration purposes. Payment of that subsidy is continuing now, but the subsidy terminated the end of April, and those payments should be made within the next few days. In addition there is $6 million, included in the special supplementary estimates, to cover the subsidy on feed grain.

The passing of the bill will not prejudice the rights and privileges of hon. members to criticize and discuss any item in the estimates, including these two special items, which will come up for discussion from time to time throughout the session; and the usual undertaking is given that those rights and privileges will not be restricted in any way as a result of the passing of this measure.

Mr. BRACKEN: The official opposition does not oppose the measure brought forward by the Minister of Finance. We are pleased to have his assurance that any of the items dealt with by this measure will be subject to discussion later, if it is the desire of any hon. member to do so.

Mr. ABBOTT: I give that assurance, Mr. Chairman.

Mr. COLDWELL: I was wondering about the two items in agriculture; I presume there will be a place in the estimates where these matters may be discussed.

Mr. ABBOTT: Yes.

Mr. COLDWELL: In any event, probably the minister would allow us to discuss these items on his item for administration.

Mr. GARDINER: I have discussed this matter with the Minister of Finance and I have given the undertaking to permit such discussion. If it is desired to have an item named now, I shall name the marketing item, No. 23.

Mr. CHURCH: Mr. Chairman, by adopting the policy embodied in this resolution we are embarking upon a dangerous practice. The sum of $101 million is a lot of money; it is the money of the taxpayers. Here we are voting large sums of money for main and supplementary estimates down to March 31, 1947, and we did the same thing before Easter and sanctioned it all for a song. The total now is $101 million. I thought the government proposed a new policy last session, and I should think it would not have been introduced now, two years after the war. We are at the sixty-seventh day of the session; we have not discussed the estimates at all, and yet eight-twelfths of the money has been spent. This goes on from month to month.

At the end of last March we rushed through a supplementary before Easter, but we cannot strike a dollar off, and there is no use in holding a post mortem when the money is voted and spent. The people are complaining that huge sums are being spent like water. Surely parliament should regain some control over these expenditures. The sum mentioned here is nearly four times what was spent in 1896, for the whole year, to run the country. But today we pass a vote for over $101 million—unforeseen overdrafts—and we do it in the twinkling of an eye. Is that the way parliament is going to do its business?

Do not forget that this procedure of permitting expenditure of money by the executive, without the consent of the high court of parliament, is that same principle of taxation without representation, the principle for which the people in the American colonies were fighting when they tossed the tea into Boston harbour and afterwards left the mother country. Well, if that is responsible government under the Liberal party, a party which is going to hold a convention where they will talk for hours about responsible government, then we might as well say there is no responsible government left in this country.

Resolution reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

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:

Resolved, 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, 1948, the sum of $101,822,866.77 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. 204, for granting to His Majesty certain sums of money for the public service for the financial year ending March 31, 1948.

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

Sections 1 and 2 agreed to.

On section 3—$5,853,666.66 granted for 1947-48.

Mr. FLEMING: Are copies of the bill available?

The CHAIRMAN: This is an interim supply bill; I do not think it is customary to have copies.

Mr. ABBOTT: The bill is the same as bills passed in other years. Usually bills are not printed for distribution until after first reading. Since by unanimous consent this bill is being put through all stages this afternoon, it is not available for distribution. However, for those who are interested, it will be available later this afternoon.

Mr. CASE: I suggest that the chairman should read the sections. We are just sitting here like a bunch of dumb-bells.

Mr. ABBOTT: That is right; no misrepresentation.

The CHAIRMAN: Perhaps it would be sufficient if I were to read the short title. It states:

This act may be cited as the Appropriation Act, No. 3, 1947.

Section agreed to.

Section 4 agreed to.

Bill reported, read the third time and passed.

THE BUDGET

DEBATE ON ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Monday, May 12, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Muskoka-Ontario), and the amendment to the amendment of Mr. Coldwell.

[Mr. Abbott.]

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, on several previous occasions when speaking to the budget resolutions I have made reference to the western provinces; on this occasion I am going to devote my remarks to that forgotten part of Canada, the maritime provinces. I listened with interest to the speeches already made by various maritime members, and like most other hon. members outside the maritimes I have been amazed to hear of the continued recession in that part of Canada and the mounting unemployment. On this occasion I am going to try to present some recommendations which if carried out I believe will reverse the downward trend of the maritimes economy and the increasing maritimes unemployment.

I make no apology for speaking about the maritime provinces. I was in business a long time and I have a clear recollection that during that time we shipped many trainloads of material made in Toronto to the maritime provinces. Last evening I figured the approximate number of carloads shipped from the plant with which I was so long connected to the maritime provinces. If I average that number at only 40 cars per year it means that in the 65 years of that plant's existence —I was with the company for 20 years—more than 2,000 carloads of boilers and radiators and heating equipment were shipped to the maritime provinces.

I feel I have an interest in anything that will improve conditions in the maritime provinces because that means more employment for the workers in my riding and for the workers in other ridings in central Canada. I never can bring myself to that position where I talk only about my own riding. My riding depends upon the extent to which Canada expands, and an improvement in the maritime provinces benefits not only my own riding but the other ridings in central Canada.

The recommendations which I am going to offer were compiled by myself during half a dozen exhaustive survey trips through the maritime provinces in as many years. The last trip was made in September of last year when from the time I left home to the time I arrived back I drove my car 2,964 miles. Over half of that mileage was spent in the Squatteck area mentioned previously by the hon. member for Temiscouata (Mr. Pouliot) when he was presenting a petition, and in connection with watershed problems in that area and throughout the maritime provinces.

Oftentimes I had to drive into remote and unsettled areas. I wanted to see the maritime resources and how close the different localities were to transportation. I wanted to gain some idea of the potential electrical development. Speaking for the moment about transportation—I shall have more to say about this later on— I found that there were many vicious bottlenecks through which trade within the provinces themselves had to pass. I found also that there were other vicious bottlenecks through which trade between the maritime provinces and the New England states had to pass, and through which trade from the maritime provinces and central Canada had to pass.

I had with me the reports of the reconstruction and rehabilitation committee so that I could select the parts of the provinces from which I could learn the most about resources and other matters I wanted to look into. The recommendations of that committee can be boiled down to three headings. The first is the extension of electrical production and rural electrification throughout the maritime provinces; second, the elimination of trade bottlenecks in the maritime provinces, to which I referred briefly a moment ago and, third, the expansion of maritime primary and secondary industries to process the four indigenous products of the provinces, that is, minerals, agriculture, lumbering and fishing.

I am going to deal first with electrical production, a matter in which I have always been much interested. I start with that because one of the ministers from the maritime provinces, in reply to a question—I am not sure that it was not asked by myself—as to whether or not electrical energy would be available if someone applied to the province of New Brunswick for a large block of power stated that New Brunswick was not very well equipped to supply large blocks of electrical energy but that if the water resources behind Grand Falls were conserved they would be able to supply a great deal more power.

I determined to ascertain if it were possible to increase the production of electricity at Grand Falls in New Brunswick. There are two principal factors associated with the production of electricity. The first is the head of water and the reservoir at the head of the penstocks. In this respect Grand Falls is not too badly off for the depth of water in the penstocks is about 125 feet and it is capable of being increased to 130 feet at high water. That is a fairly substantial head of water from which to produce electricity.

The next factor is the firm flow of water, and this is not so great at Grand Falls. At the present time under the best conditions there is a flow of about 2,400 cubic feet per second. They obtain this flow from a dam at the head of the falls behind which there is sufficient reservoir capacity to hold about 500 million cubic feet of water. Then they raised a dam at the outlet of lake Temiscouata, from which flows the Madawaska river and into which flows the Touladi river, and there they conserve another 4,500 million cubic feet. This gives them a total reservoir capacity of about 5,000 million cubic feet of water and from this they are able to obtain a firm flow of 2,400 cubic feet per second. From this flow they are able to produce at Grand Falls a total of 40,000 horse-power. This is not many horsepower when compared with Ontario hydro or Quebec hydro production, but it can be increased. Any increase in production will be of advantage to the province of New Brunswick and to the whole of the maritimes economy.

When I arrived at lake Temiscouata, I believe it was at the village of Cabano, I turned my car up into the highlands of the watershed of the Touladi river in the county of Temiscouata and continued for quite a long distance. I made a survey of the Squatteck lakes, having with me, of course, the reports of the engineers, and all I had to do was to ascertain where the reservoir sites were and go and see them, because I like to go and see these things for myself; I am not good at simply reading and repeating what somebody else has said. I saw these sites where another 20 billion cubic feet of water could be conserved. They also stated—and I examined the site to see if it could be done—that if the dam at the outlet of Temiscouata lake were raised two feet, another billion and a half of cubic feet of water could be conserved. If all the water in the watershed of the Madawaska river, which is the principal Canadian tributary of the Saint John river in Canada and supplies most of the water to the Saint John, was conserved, it would mean approximately 26 billion and a half cubic feet of water altogether above Grand Falls. That would mean that at Grand Falls they could have a firm flow of forty-two hundred cubic feet per second, which would produce another 25,000 horse-power. That would be a total of 65,000 horse-power, which would be a mighty smart block of horse-power in the centre of New Brunswick either for rural electrification or to promote primary or secondary industries.

To purchase these reservoir sites would require joint action by the provinces of

Quebec and New Brunswick and the dominion government, to supply the necessary money to buy the sites, which belong to pioneers, and these pioneers should receive fair compensation for giving up their land. Maritime economy can be greatly enhanced by the production of 65,000 horse-power at Grand Falls, instead of the present 40,000 horse-power.

About one-half of the flow of the river comes in from the state of Maine, so I drove to the remotest parts of the state of Maine—where I believe no wheels had been in years, for I could find no tracks and I could go no farther—to see the reservoir sites in Maine. But after an exhaustive survey which I made in that state I realized that we might just as well not waste time trying to get any more water from the state of Maine. I did find something that amazed me. Although the Allagash river, the principal tributary of the Saint John in the state of Maine, arises in Chamberlain lake in the international watershed and therefore should be under the control of the international joint commission and is controlled by the Ashburton treaty of 1842, I found the outlet of lake Chamberlain dammed so that no water can go through it, and the canal at the other end of the lake takes the water into Penobscot river. It is not much use worrying our heads trying to recover that water because on the Penobscot river are many big factories which would fight against any stoppage of the water. That water is now diverted out of the international watershed. I am not going to waste time on that. I return to where I left off a moment ago. If we wish to improve power production at Grand Falls it can be done. It will necessitate buying land from the pioneers and others to conserve the water in the Squatteck area, because we cannot produce power without water and without firm water. To produce 65,000 horse-power at Grand Falls—and it can be done—would require the conservation of all the run-off water in the Madawaska watershed, which flows into the Saint John at Edmundston.

From observation I would say that from 5,000 to 10,000 horse-power can be produced if reservoirs were properly built and controlled on the Tobique river, just before it enters the Saint John river. It has high banks, and a substantial flow, and it is an excellent place to build a dam which would have a substantial reservoir behind it. Why that water has been allowed to run as long as it has without being dammed is more than I can understand. If that water were conserved—and it can be conserved—10,000 more or less horse-power could be produced there. It would mean a very great boost to maritime economy. To boost maritime economy they must have cheap power and lots of it. The more they have, the stronger their economy becomes, and the better it is for all Canada; therefore I feel that in helping them I am helping the working men in the plants in Toronto.

I am going to run rapidly on and touch on a number of other matters. I may have to omit some but I will cover all I can.

I come to the Chignecto canal. I have been over that site many times from end to end, and last September I had the great pleasure of going along the route of the canal from the bay of Fundy to Baie Verte across the isthmus, with my good friend the hon. member for Cumberland (Mr. Black). We walked over part of it and at various places stopped and observed. I am for a canal across the Chignecto isthmus. I will go further and say that the building of that canal has been fifty years delayed, at a great loss to this country. I go further and say, from some little experience, that the canal can be easily built. I go further and say that it is an outrage against the maritime provinces that that canal was not built fifty or seventy-five years ago. I say further that the building of that canal would revolutionize upwards the whole economy of the three maritime provinces.

The canal, if it were built, would shorten the distance from Charlottetown to Saint John by as much as 430 miles. It would shorten the distance from Charlottetown to the New England states as much as 325 miles, and would shorten the distance from the bay of Fundy to central Canada by as much as 375 miles—all for the good of trade. What this country wants more than anything else is interchange of trade; we can get that only by cutting down transportation rates, and the rates can be cut down only by shortening the distance and using boat traffic as much as we can. The whole coast of New Brunswick on the gulf of St. Lawrence is a vast treasure house of timber. The Chignecto canal would cut in two the price of delivering that timber from New Brunswick to the New England states. If it costs $10 per thousand feet freight now, a Chignecto canal would cut it down to $5.

Not far from my hon. friend's riding there is a great resource of gypsum at Hillsborough. I mention that now only because of the canal. They produce at present about one-half the gypsum produced in Canada. They have inexhaustible supplies of it. I can picture the Hillsborough gypsum mills being two or three or four times their present size if they could load the boats right at Hillsborough, as they could if the canal were built, and take the boats through the canal up the gulf and the St. Lawrence to Montreal, Toronto and other

[Mr. MacNicol.]

big cities in central Canada which use so much gypsum. That too would expand maritime economy and provide much more employment and much more business. It would provide steadier work for the maritimes; all of which would be equally good for us in central Canada. The more they expand the more we would expand.

Coming back to the canal, it would be about nineteen miles long. Two main plans have been submitted down through the years. One called for locks 300 feet in length by 48 feet in width, with a draft of 18 feet; the other calling for locks 500 feet in length, sixty feet in width, and a draft of 25 feet. The smaller canal would cost, according to the best reports I have been able to obtain, approximately $23 million, perhaps less. The larger canal would cost up to $38 million or less. In my opinion the larger canal would be the economical one, because larger boats would then be able to go through, travelling from the maritime provinces to upper Canada and from the maritimes down the east coast of the United States, thus building up a vast volume of trade.

When I think that a short distance of nineteen miles is allowed to block traffic, as we find in the Chignecto, I am amazed that members from the maritime provinces have stood it as they have done for the last seventy-five years. They have spoken repeatedly about it in the House of Commons but they have not got anywhere. They should organize a brigade of delegates from those three provinces and come here and present a programme for the building of that canal. I am going to ask the Minister of Reconstruction and Supply to do what the Minister of Agriculture has done on previous occasions when I have been willing and happy to assist him in his programmes for western rehabilitation. I am going to ask the Minister of Reconstruction and Supply to carry out the same type of programme for the maritime provinces, spread over a period of twenty years, at $5 million a year. This would represent a total of $100 million for maritime rehabilitation and construction, one part of which, I suggest, should be the Chignecto canal.

I wish to refer now to the writings of Mr. Ian Sclanders, which I have read carefully. Mr. Sclanders is one of the editorial writers of the Saint John *Telegraph-Journal*. I have never met him but he must be an able man, for his articles are written in an able and convincing style and contain a great deal of information. I suggest to the government that they publish all his articles that have appeared in the Saint John *Telegraph-Journal* about the Chignecto canal. I believe they were published in the spring of 1945, in the months of March and April and perhaps May. If the government would publish those articles and circulate them across Canada to the boards of trade, I venture to say that every board of trade in central Canada would be behind the building of the canal.

What would it mean from the standpoint of expansion of trade not only in the maritime provinces themselves but in central Canada as well? A great advance. In one of the articles to which I have referred, Mr. Sclanders tells about the chairman of the Nova Scotia power commission appearing before one of the inquiries held in connection with the canal and telling that board of inquiry that the building of the Chignecto canal would create a reservoir between the two bodies of water, and, owing to the fact that the tides on the bay of Fundy side rise so high, and would rise twice every day for ever, they would provide a never-failing source of water for the reservoir, that would enable the production of 40,000 horsepower of electrical energy. That would pay for the canal, and one result would be that the beautiful town represented by the hon. member for Cumberland (Mr. Black)—I mean Amherst—would double in size in a short time; Sackville and all that surrounding territory would also benefit by it, and they could send a cable carrying electricity across the short channel over to Prince Edward Island, which also needs electrical power.

Now there is a programme that would build up maritime economy and provide employment for many thousands of men and women in those three provinces. I do not know of any other way by which the people in those provinces will be saved from sinking down and down, unless the rest of Canada comes to their assistance and helps them to build these projects. One of the easiest ways of helping them is to provide a large volume of cheap power, and there are two or three sites that I have mentioned.

Another vicious bottleneck, one of the most vicious I have ever seen, is at the strait of Canso, which was mentioned by someone yesterday. I have spent quite a little time on the strait of Canso on several occasions but last September I was fortunate enough to be there when the car ferries were moving in and out. I examined the strait and I said to myself, "This is nothing short of scandalous". It is only 288 miles from Sydney to Halifax, the capital of the province, a very fine city indeed, and that unbridged strait is a menace to trade. It now takes from 15 to 19 hours to travel that 288 miles, provided there is no ice in the strait and the tides are not very high nor the wind strong enough

to stop the car ferry. Imagine taking from 15 to 19 hours to go from Sydney to Halifax. That is an outrage in this day and age—just a common outrage. It is a waste of time. If that strait were bridged it would take from 7 to 9 or a maximum of 10 hours to go between the two cities. It can and it must be bridged. I am not in favour of a causeway.

When I returned to Toronto I called on some of the best engineers I could get in contact with to consult them about bridging that strait. The tide runs at about five knots, the water is about 200 feet deep, and the distance across the strait is a little less than 5,000 feet. None of these factors should obstruct the building of a bridge, though they are all important. I met an eminent engineer who is building six bridges across the Mississippi at St. Louis and I asked him whether I could see in Ontario a bridge of the type that he would recommend for the strait of Canso. He drove me to a site near St. Catharines, in the constituency represented by the hon. member for Lincoln, where they have been building a bridge over what is known as Twelve-Mile creek. They put the footings right down in the creek, but it was a rough creek owing to the fact that all the discharge from the DeCew power plant, where they develop 250,000 horse-power, floods against the abutments. It is built after the manner of certain Canadian National bridges —and I am thinking of one in northern Quebec over the Kenojevis river, which is 200 feet deep. It is what is known as a prepakt concrete bridge type.

I telephoned to Toronto this morning and got in touch with an engineer and asked what it would cost to bridge the strait of Canso, and he said a minimum of $15 million and a maximum of $20 million. Yet we have been told in committees here that a bridge could not be built for less than $50 million. I suggest, Mr. Speaker, that we shall have to consult the same type of engineers that the Canadian National railways and the city of St. Louis use. We must consult engineers who are experienced in building bridges of the type that would span the strait of Canso.

There is also, of course, the question of straightening out the tracks. I have examined it carefully. In part it is zig-zag and in many other places it goes up and down. If we straightened the track and levelled the humps and double tracked the line between Sydney and Moncton it would cut down the time consumed in taking a trainload of coal from Sydney to Toronto. I have no doubt it would reduce the time by two days and cut down the cost of freight proportionately—and we want to use Nova Scotia coal.

[Mr. MacNicol.]

How can the people of the maritime provinces advance unless they can get their products out to the market at a reasonable cost? Bridge the strait of Canso, straighten and double track the railway, take out the curves and the bends and let us have fast traffic, because in these times fast traffic will do more than anything else to cut down costs and increase the economic efficiency of the country.

I must hasten along because my time is going and I want to get over to that beautiful gem of the gulf, Prince Edward Island. We have heard a good deal in this house about bottlenecks in connection with Prince Edward Island, and the bottlenecks there are just as vicious against traffic to and from the island as they could be. The people in central Canada have done little to carry out the terms of confederation to give that island a chance to expand as it should. It is a perfect garden. I went by car to Cariboo and to my amazement I had to back down on to a little boat. I rebelled against this at first, but I decided to back down on to a little boat and go across the channel over to the island. There again there is a monstrosity of a dock. The docks on each side, the one at Cariboo and the one at Wood Island are nothing short of shocking. This country ought to do the right thing for Prince Edward Island and give it proper transportation so that it too can grow, so that its farmers may have a chance. so that its merchants may have a chance. This province used to have a population of about 125.000. I believe it is now down to around 90.000, but with a chance it will expand again and there will be more business there.

As soon as you land on the Prince Edward Island side, what do you pass by? A whole string of shacks. They should be removed. I suppose they were left there by contractors. Give the island a chance. Make its entrance look beautiful. Then after you get to Charlottetown and go from there to Borden you have to go away around—I just cannot describe how you have to go, but it is twenty miles longer than it should be. At Charlottetown there should be a bridge right across the York river, a short one, only 2,275 feet long. It can be built by modern methods for $1,250,000. It would shorten the route from Charlottetown to Borden by twenty miles and speed up traffic. That would be for the good of Prince Edward Island. You cannot increase the tourist traffic and you cannot cut down the cost of freight by increasing the length of a route. You can increase the tourist traffic and cut down the cost of freight by shortening the length of that route by building a bridge across the York river for around $1,250,000.

That would be a small part of the five million dollars I am going to ask the minister of reconstruction for, for this year.

When you arrive at Borden, what do you find? There is a bottleneck there, the worst I have seen in America. To get on the ferry boat at Borden is a job, and to get off it at Tormentine is another job.

I cannot picture a group of women from the United States arriving at either of these places in Prince Edward Island, without dismay. In the one instance you have to back down on the boat, and in the other you have to go up a high ramp. I can picture them turning around and saying, "I will not do either; I will go back to my own country." In order to increase traffic you have to make it easy for people to approach the places they want to visit. There is not much ease in getting to and from Prince Edward Island on the present ferries.

I know we are having a new car ferry. I inspected it at Sorel. It is a fine ship. It will carry nineteen freight cars at a time. I believe last year some 19,000 loaded freight cars were ferried across the straits. It will carry about sixty motor cars at a time, and I believe last year some 33,000 motor cars and trucks were taken across the straits. On the day I went from Prince Edward Island back to Tormentine one of the officials on the ship with whom I discussed this problem told me that when he left Tormentine on the previous trip there were seventy-two cars left on the dock. People will not willingly wait for the ferry to make a return trip before they can get across to Prince Edward Island. A lot of them do; I did it myself, but I rebelled every minute I waited. When you come to the dock you want to get on the ship without undue delay. This new ferry will be all right for winter and summer, but it will not handle all the traffic in summer. I advocate another vessel, not a big one, but the regular type of ferry boat for trucks and motor cars—one on which and off which you can drive your car, instead of being obliged to drive up a high ramp, turn around the deck and scratch your car from one end to the other making the turn. That kind of transportation does not invite increased tourist travel. There again we have a chance to do something for that beautiful island and for maritime economy.

I think I shall finish with bottlenecks before I deal with resources. There is another bottleneck at the north side of New Brunswick. When you come to a place called Campbellton, if you want to take your car across the river you either go on a little dump of a ferry or you go up the river twelve miles, cross a bridge and come back down again. If there was a proper bridge at Campbellton, across to Mission Point, so that tourists when they come to Campbellton could drive right across the bridge, it would be much better. Nine out of ten would go up that gorgeous route, the like of which you cannot see everywhere, into what is called Gaspe peninsula. If such a bridge were built it would open up the whole of the Gaspe peninsula to tourist traffic.

The last bottleneck I want to talk about is the automobile route between Saint John and central Canada. Today you have to go down to the United States or up the beautiful Saint John valley. The trip through the Saint John valley is worth anyone's trouble; the scenery is magnificent; but if you are in a hurry you like to get to your destination. I would build a concrete highway from Saint John straight through to Sherbrooke and Montreal and thus cut off many scores of miles between the maritimes and central Canada so that trucks and motor cars could drive through rapidly. If Canada is to advance, as I think it will some day, it must do for the maritime provinces what we are now planning to do for western Canada, and I am for doing both. I will support the minister of agriculture and the minister of reconstruction in a twenty year programme at $10,000,000 a year to carry it on in western Canada. Now I want them to put through a 20-year programme, starting with at least $5,000,000 a year, to get on with the maritime rehabilitation and maritime reconstruction. Otherwise the maritime economy may go down and down and her population will not increase as it should. It is high time that the maritimes once again held the position in Canada which they held years ago. In this house their members, by their numbers, held a big place. But today, through no fault of the members but through the fault of Canada, they are down now to four for Prince Edward Island, twelve for Nova Scotia and ten for New Brunswick. That does not build up a country. I want to see Toronto grow. I want to see Montreal grow. From years of business experience I know of trainloads of goods that were shipped east. I said earlier in my talk that 60 trainloads of goods from one plant, of 35 cars per train, were shipped to the maritime provinces. Instead of shipping 2,000 cars of freight you can double it by doubling the capacity of the maritime provinces, and you would double employment in Ontario just the same as you would double employment in the maritime provinces. That is what we have to do. There is a programme which will do something not only for the

maritime provinces but for all Canada; for if they grow, we will grow, just as if the west grows, we will grow.

The maritimes are full of resources. I did mention gypsum. I have on my desk a sample of slate from Hillsborough. It is as good slate as you will find anywhere. Why are we not shipping this slate all over Ontario and Quebec instead of bringing it in trainloads from Indiana and elsewhere in the United States? Give us water traffic. Give us cheap traffic and cheap freight. Load it up at Hillsborough and send it up through the Chignecto canal to central Canada. In that way you will get big business down there.

Here is another resource. It is oil shale. I do not know how many millions of tons of this there may be. I examined into it very carefully. During the last two or three years this country has spent $60,000 working these oil shale mines which are near Hillsborough. I saw along the track a pile of several hundred bags of this material. They had been lying there two or three years, and I took this piece out of one of them. I was not thieving; I had with me a man who told me I could have it. This has a value. Why is it not being developed? It should be developed. If the maritimes had half a chance they would go forward as the rest of Canada is going forward; but they are away down there in the forgotten part of Canada. Well, I am going to try to rip off the blinds and open all the doors there so that the rest of Canada can see what a wonderful place it is. Instead of having perhaps a little over a million people they should have two or three million, or more.

Then I went to a little place called Shediac, where I met a splendid man who was engaged in the processing of fish. I have forgotten his name, but I believe at one time some of his people were senators here. In 1943 that area shipped 27,000,000 pounds of fish from Shediac to the New England states, but on every pound they shipped they had to pay twice the freight they should have paid. If they could load it on a boat at Shediac, as they can, and take it through the Chignecto canal, the fishermen would get a great deal more for what they take from the sea. Those seas are full of fish, but these people are obstructed. They should have a chance to expand, but how can they with all these bottlenecks?

That is the situation all over the three provinces. There are vast resources of timber, fish, minerals and agriculture. I might say just one word further about the island. I investigated the situation there very carefully, and what I have said about New Brunswick and Nova Scotia applies there also. In the harbour of Charlottetown there is a splendid place for the construction of an elevator. I spoke to several hog producers there. They told me they were now raising about 70,000 hogs a year, a mere bagatelle for an island like that, but to do that they had brought from the west, I suppose under the assisted freight rates programme, something like 10,000,000 bushels of western grain to feed their cattle and hogs. Give them a line of boats from Charlottetown to Churchill; let them bring down not 10,000,000 bushels a year but 30,000,000 bushels of grain from the west. In that way you would promote interprovincial trade; you would do something to keep down the deficit on the Hudson Bay railway, and you would help the people of that island. If they could raise 70,000 hogs last year there is no reason why they could not raise a million hogs within a short time.

Mr. GARDINER: I have been advocating that for twenty years, but I could not get anyone to back me up.

Mr. MacNICOL: I will back you up. I notice that you and I see eye to eye on a good many things.

Mr. KNOWLES: You are both socialists.

Mr. MacNICOL: Socialists nothing. There is no socialist about me and the minister is not a socialist either. I will back him up in any programme to bring to the maritime provinces through Churchill, twenty or thirty million bushels of grain a year and thus cut down the deficits on the railways of this country. Then we will be doing something for the country instead of taking other people's money as we are doing now.

What would that mean? It would mean that thousands of young men and women who now have to leave the maritime provinces—and what I have said would apply also to Nova Scotia and New Brunswick—for jobs in the New England states processing raw materials from Canada, would remain in this country and take jobs here. That would give our maritime provinces a chance to grow, it would let their economy expand and give them more employment. As far as I know that is the only way it can be done. If we as Canadians pull together and work together I believe the whole country will expand. One part cannot expand while the remainder stays still. I remember that the firm with which I was associated twenty or twenty-five years ago did ship thousands of carloads of material to the maritimes. Let the maritimes expand; then that firm will ship over the years perhaps

five thousand carloads of boilers and radiators to those provinces, which would mean thousands of jobs in Montreal, Toronto and other places. We also brought back carloads of stuff from the McAvity people in Saint John, who make fine valves and brass goods, and from firms in Halifax.

Now, Mr. Speaker, you have been very kind to me and I am going to sit down. I have done my best to show how the economy of the maritimes can be expanded in the interests of the whole of Canada.

Mr. J. A. BRADETTE (Cochrane): Mr. Speaker, I want to express my appreciation of the speech just delivered by the hon. member for Davenport (Mr. MacNicol). His very first statement struck me forcibly; that his riding would expand to the extent that the rest of Canada expanded. I believe that is a fine motto, and I may use it later on when I speak about dominion-provincial relations.

I should like to preface my remarks with a well deserved eulogy of the present Minister of Finance (Mr. Abbott). Since the first day he came into this house I have watched this magnetic young man, and I was not astonished at the celerity with which he advanced in the public life of this country. When he was appointed parliamentary assistant he practically did the work of a minister. Later, when he was made a member of the cabinet, he came up to and surpassed all expectations. The way he was able to accomplish so much work was a revelation. In making that statement, I have more particularly in mind what happened last year, when he was the cabinet minister responsible for the army and air force. Then, on account of the condition of health of the Minister of Finance of that day, of whom I want to say a few words in a moment, the present minister had to assume the heavy responsibility of piloting last year's budget through the committee of ways and means. Again he was a revelation to the house and the whole country. Perhaps it will sound a little musical to his ears to hear some praise for a change, not only from this side but from the House of Commons as a whole, though he may have been compensated to a large extent by the fine commentaries which have appeared not only in the Liberal and independent newspapers but also in the Conservative press. I do not want to predict what may be his future, but there may be something even bigger ahead for the present Minister of Finance.

I should like to say a few words also about the present Minister of Justice (Mr. Ilsley). We were fortunate indeed to have a man of his ability, his courage and his sincerity of purpose as Minister of Finance during the war years. He carried the confidence and respect of every citizen of Canada, regardless of party affiliations. I can apply the same words to the high office he occupies at the present time. He is giving the Department of Justice all his talents and all his sincerity, as he did when he was carrying the heavy responsibility of conducting the finances of this country in time of war.

Before I proceed with my remarks, I should like to read two or three excerpts from the Ottawa *Journal*, a newspaper which calls itself independent, but which is usually a good Conservative newspaper, of Thursday, May 1, 1947:

A Second Look at the Budget

Solomon in all his wisdom could not fashion a budget that would please everybody. When a finance minister comes, as Mr. Abbott came on Tuesday, with a budget giving nine out of ten taxpayers a 29 per cent reduction in income tax—a great number get much more than that—and lopping $110,000,000 off collective income tax payments, he is bound to please many.

And Mr. Abbott has given tax relief where tax relief was most needed—to people on wages or medium salaries. The *Journal* has argued often that our middle class population, people on fixed salaries, benefited less from war conditions and suffered more from war taxes than any other class. Mr. Abbott, acknowledging this, and remedying it substantially, says . . .

And later on:

Our own view, for what it is worth, is that Mr. Abbott has levelled off taxes (apart from excess profits) to where we may expect to find them for some years to come. We are now budgetting at the rate of about 2,000 million dollars a year; a great deal of our expenditure is uncontrollable; we have embarked on many heavy commitments, and may have to embark on more. In the light of that, plus things happening in the world (a good way to study the budget is in conjunction with this week's report of the foreign exchange control board), it might be as well if we braced ourselves for continuation of existing taxes, for some years at any rate, guarded against vain delusions, and felt thankful for our lot.

I believe that is very fair, and reflects what is in the minds of the people of Canada at the present time.

When the opposition mentions economy, we are in complete agreement. We favour curtailment of expenses, and retrenchment. But a few minutes ago I listened to my good friend, the hon. member for Davenport, and what he propounded to the house respecting requirements of the maritime provinces. No doubt those suggestions were all very fine, and perhaps they should be implemented. But I just leave this question to hon. members, as to how much it would cost the federal treasury if we were to give effect to the recommendations made—and I believe they

were made sincerely—by the hon. member this afternoon. These things are worth remembering when we are discussing the budget and national financing.

Then, I have one word to say about taxation. During the last by-election in Pontiac, the candidate for l'Union des Electeurs approached the electors of that riding. He talked to the workers, the settlers, the professional men, and asked them, "Do you like taxation?" Naturally those people said, no; just the same as if he had asked them if they liked smallpox or typhoid fever. No one likes taxation. I do not like it. If anyone were to ask any member of parliament, that member would say, no; the same as the electors in Pontiac did last fall.

But when in the next breath the same speaker said to those people, "If you elect my party to power at Ottawa, taxation will disappear", then I call that demagoguery, pure and simple. It is not a proper appeal to the intelligence of the people of the country; on the contrary, it is an attempt to appeal to their passions. And one of the greatest dangers to democracy is these demagogic statements, wherein people make appeals to the passions of others, and attempt to take from democracy those things which make it a strong and living function.

These are points I am bound to make, because no matter what government holds office in Ottawa, no matter what its political stripe may be, we are bound to have taxation in this country, the same as in any other country of the world. They have taxes in Russia; they have taxes in France; they have taxes in socialist Britain, regardless of what some theorists may say. I say this with a bit of heat, because I do not quarrel with the ideology of any party. I have made a thorough study of the philosophical background and the monetary system of the Social Credit party. But when some of their supporters get on a public platform and say that they will abolish taxation, if they are returned to power, then I begin to doubt the sincerity of such utterances, and doubt the sincerity of the statements they make on the hustings during election times.

Why is our taxation high today? I will answer that, just as any one of my people in my constituency would answer it. When I hear hon. members of the Progressive Conservative party say that taxation is too high, I am tempted to ask them what happened in Canada during the last thirty or thirty-five years. I would tell them that in that time this country has taken part in two world wars. We were not the last to enter world war number one, nor were we the last to do it when world war number two began. We entered those wars spontaneously.

But what happened during those years of war? What happened, when the Conservative opposition brought upon the House of Commons crisis after crisis during the last war? Those were the days when the government sitting on the treasury benches told the opposition that Canada was making a magnificent effort in her every war department, and that all her population, whether they were in the armed forces, or in civilian occupations, were playing a full part. But the opposition brought on these crises time after time and, on many occasions, the work of the House of Commons was vitiated by the unfair political situations thrust upon it by the opposition.

What did they want? They wanted a million more men in uniform. They were telling the House of Commons that this country was not going far enough in its war effort; that we were not giving enough in lend-lease to our allies. They were saying that we were lacking in our effort; and all this at a time when the Minister of Finance of that day, the Prime Minister (Mr. Mackenzie King) and the cabinet as a whole were telling parliament and the whole of Canada that this country was making a magnificent, yes, a 100 per cent effort, that was the admiration of the whole world.

What would have happened if we had listened to the opposition? What would have happened if we had had a national government, if we had listened to the dictation of the committee of two hundred. Taxation would have been trebled; it would be three times what it is today. We cannot get away from those facts.

We must be realists, and I say it ill behooves any member in the opposition to say that taxes are high. True, they are high, but one of the greatest causes of our present high taxation is that we participated loyally and generously in two great wars for democracy and Christianity, when Canada, the empire and civilization generally were in jeopardy. And we are proud of having done our part, but there has been a price to pay for such magnificent participation.

It is easy to say that the war has been over for two years and that something more should have been done for lower taxation. But surely if I lose my house by fire today, it cannot be expected that it will be rebuilt, by itself, on the next day, when the embers are still burning. Surely we must be prac-

tical. Some of the statements made by members of the opposition would not seem to equal the logic of a school boy or a school girl under eighteen years of age.

We must be realists. No doubt taxation is heavy today. Perhaps it is not always equally divided over the different sections of our population, and is subject to changes and amendments, but at the same time it will never be as it was before the second world war. It was never as low after the first world war as it was before it. These are the things we must remember.

We must be realistic. Again I express the hope that God may never permit another world war to take place. But, Mr. Speaker, if such should happen again, and if at that time my party were in opposition I would beg of it to work hand in glove with the government in power at that time. Because a government in time of war has the full responsibility for all our activities, and its obligations are terrific. And if at some times the plans for this country were vitiated, it was due to the fact that the criticism was unfair; certainly the situation in Canada would have been deplorable if we had listened to the opposition at that time. I point out these facts because I believe it my duty to do so. I do not do it as a supporter of the government, but simply as a Canadian.

One word about booms and depressions. One after the other we hear similar whisperings to those of 1931 and 1932; here and there creep in whispers of death. They may be whisperings, but they are there, just the same. I was greatly surprised when my hon. friend the leader of the C.C.F. party (Mr. Coldwell), before the war was over, and only last year again made the prophecy that we would have one or two million unemployed. It is not fitting for the hon. member, because I do not think he believes that. We do not want a depression, just as we do not want a great boom. Neither of them is good. But I want my hon. friends of the C.C.F. to study the situation in Great Britain today, so that they may be at least logical.

I admit that my hon. friends of the C.C.F. believe sincerely and honestly in the theory of socialism. That theory is being tried out in England. During the last general election over there the Labour party told the fine people of Great Britain that, if that party were returned to power, the people would never have to face a situation such as they would have to face under a Tory administration. But what happened? The minute the Labour party attained power they found, of necessity, that they must forget most of their theories. And why? They must forget them for the simple reason that they have responsibilities in connection with governing the people, and every section of the people. I note how closely the British government watched Dumbarton Oaks, and how closely they are watching the tariff deliberations taking place at this time in Geneva.

We note, too, how closely they watch the financial situation in the United States, and the reasons for any change in that country. They do so because they are afraid that a big inflation in the United States may lead to a depression. Great Britain and the government of that country are honest enough to understand that a depression will spread, and one which envelops the United States is bound to creep into Great Britain.

I am not worrying about the government of Great Britain on account of its political shade, because I realize it is composed of Britishers. I was proud indeed when I noted that Russia was sadly disappointed because they did not make headway with their principles in that country; that the people of Britain were not communists, and that they remained British, and practical to the core. At the same time, if a depression came along, regardless of the fact that they have a socialist government in Great Britain, regardless of the fact that they have a socialist government at the present time in France and in Norway and in Sweden, it will affect the populations of those countries. The same depression will occur in Russia, and when it will hit that nation the only difference between that country and between Great Britain will be that the Russian people will not be permitted to express their own opinions. They will be compelled to take what the government gives them, while in Great Britain the people will be absolutely free to express what they think.

Mr. JOHNSTON: Are they going to have a depression in Great Britain?

Mr. BRADETTE: We should have learned by now that there is only one way to avoid a depression. After world war I we had an increase in intensive nationalistic economic feeling. We should remember what happened then in order to avoid a depression now. Our United States friends—and I say "friends" deliberately—attempted to penalize the best customer they ever had by putting on the Hawley-Smoot tariff so as apparently to hurt their best customer. The result was a depression. Surely we have learned something from these errors. An appeal was made indirectly by the Minister of Finance to the great nation to the south of us.

I do not fear the United States; I love that nation; I do not fear that great giant with

all its idealism, the freedom and the liberty that they love so much, with their Christianity; their dynamic culture; I do not fear them. Surely it can be found possible for her to deal commercially with the rest of the world. How illogical it was for their statesmen after world war I to expect Great Britain to pay billions in war debt when they would not buy millions of dollars worth of her goods. The thing was economically impossible. These are the things the world must learn if we want to avoid the economic wreck that occurred after world war I. If every country erects a Chinese wall of tariffs almost sky-high, only one thing will result.

We Canadians are in a happy position. We want no aggrandizement of our territories; we do not want to enlarge our frontiers; we do not want the last pound of flesh. Therefore our voice should be clear in this thing. We should say to the world, not only through British preference, not only through multilateral trade agreements, but by every means possible that there should be more and more free trade in every section of the world. Before the war, when I heard that Germany wanted to fight because she could not get raw materials I did not want to believe that because it sounded so foolish. Surely it should have been possible for a nation like Germany to get the necessary raw materials. Surely after this war it should be possible for nations like Germany or Italy or all the other nations to have access to the raw materials of the world. Again I repeat that if we go into the same kind of foolish nationalistic and selfish economy that we had after world war I we shall fall again into the same situation that we had to face in the past.

I have hope, because the nations have learned, and through pressure from the people the governments must of necessity act. In the United States at the present time there is a great school of thought among workers, manufacturers and financiers, which realizes the viciousness that exists in high tariffs.

I come now to the matter of economy. There is no doubt that no hon. member on this side of the house wants extravagance, wants the people's money to be wasted, squandered. After all, we are just as responsible as are hon. members of the opposition. Let us be fair with ourselves. When I was Deputy Speaker, I think it was in 1944, for two weeks I tabulated the cost of the requests made by the opposition and I quit when I reach $2,000 million. The same opposition were also asking for curtailment of expenditures. Those who were most vociferous were the Progressive Conservative party. I should like to quote a few short sentences from the *Financial Post*, which is not an enemy of the Conservative party. They criticized that party's attitude in parliament as being the biggest political riddle heard in Ottawa in a long time and they referred to the leader of the opposition's statements that:

1. Old age pensions could be raised.
2. Radio licence fees eliminated.
3. Agricultural floor prices increased.
4. Veterans treated more generously.
5. Income taxes reduced one-third and exemptions raised.

If all those things were done it would have meant an increase of $650 million in the budget. A short time ago the hon. member for Lethbridge (Mr. Blackmore) was pleading for the beet sugar industry. I should like to see the government do all it possibly can for that industry. Then I hear other hon. members talk about maritime rights and freight rates. I should like to see all those things implemented. But again you must cut your sails according to the cloth you have. If the government had had a deficit of $200 million or $300 million we would have heard, and how vociferously, from the opposition. We must be absolutely realistic when we are dealing with financial matters, and the opposition should at least be consistent on this question.

I should like to say a few words about the gold mining industry, which is an important industry in my section of the country. However, I am a realist, and when a gold producer comes to me and says that he cannot produce gold for less than $38 or $40 an ounce, I tell him to forget about it. I am not in favour of subsidizing the gold mining industry, but at the same time I feel that that industry was not treated fairly when the Canadian dollar was brought back to parity last year. This was one industry that was singled out, and the then minister of finance knew that because he mentioned it specifically. When we deal with this question let us be practical.

We allowed some marginal gold mines to function for three and a half to four years with a premium of $3.50 an ounce due to the exchange difference between Canadian and United States dollars. Those people did not know how long that situation would exist. You cannot blame them for being optimistic. They thought it would exist for a period of years, that possibly ten or perhaps fifteen years would pass before the Canadian dollar would be at par with the United States dollar. Those people were allowed to go ahead producing.

The gold mining industry has always responded to any requests made of it by the federal government. Early in the war the then Minister of Finance made an appeal to the gold mines to produce as much as they

could, and they responded immediately. A year and a half or two years later, when curtailment was necessary in the gold mining industry because of man-power and material shortages, they again responded immediately. This is an industry which has always stood on its feet, never asking for any special privileges. We sometimes hear it referred to as a sheltered industry, but it is not a sheltered industry. It does not want to be. It has never required shelter. All it wants is to receive fair treatment, and the comprehension of their problems.

No matter what may be said about it, our government has done something for this industry. Before the budget was announced, the Department of National Defence announced that assistance to the gold mines was provided by the government in three relief measures, the first of which raised the depletion allowances from 33⅓ to 40 per cent on profits earned after January 1, 1947, in the case of mines the value of whose output is derived to the extent of 70 per cent or more from gold. Second, in the case of low grade mines with profit margins under $10 an ounce, the minimum depletion allowance was to be $4 an ounce, instead of $2, the change to apply in fiscal periods ending after June 30, 1946. The third measure applied to new mines that have come into production since the first of last year and relieved them of the obligation of taking into their books the appropriate write-off for depreciation and pre-production expenses during the first three years of operation. These steps were intended to encourage prospecting and to stimulate operations, gold production having declined nearly fifty per cent in the past five years.

The door of the Department of Finance is still open to members of all parties to bring reasonable and logical pressure on the government to implement the necessary requests made, so that the gold-mining industry will play the full role it is intended to play in our national economy.

I repeat that when you hear it said in the House of Commons that all Canadian gold should not be sold in the United States market but on the open market, I say, no, for the simple reason that ninety per cent of the gold producers do not want the latter market. They do not want to black market, to bootleg against the United States treasury, and they do not want the responsibility of collections. In places like Egypt, India, North Africa and South America the producers may get as much as $50 an ounce for gold, but where will the responsibility lie for collection? Will they absorb all our gold production? Certainly not. There is only one natural market for gold and that is the United States treasury.

I listened attentively the other day to the statement made by the hon. member for Muskoka-Ontario (Mr. Macdonnell), that perhaps a solution of the difficulties of the gold mining industry would be an increase in the price of gold per ounce by the United States treasury, but he said that would be pure inflation. I do not agree, because I have it on good authority that gold producers in the United States at the present time, with the price $35 an ounce in the United States, are in the red just as some Canadian producers are. The day is not far distant when the price of gold will be increased by the United States treasury. That will be a great help to Canada as well as to the United States. It could not be inflationary, for the very simple reason that you cannot oversaturate that market. Gold is not an ordinary commodity but one used only by governments for exchange purposes. Some say that the gold is just put in a hole in the ground and left there, and nominally that is true. But great big nations find their gold reserves today sadly depleted, and these gold reserves served a most useful purpose in bringing us victory in the last war. I shall gladly cooperate with any member in any logical way in promoting the interests of the gold mining industry. There is no necessity for politics in discussing the gold mining industry. The mine operators would be the first to resent that, because they are practical and logical men. But if ever the day comes when the price of gold is increased by six or seven dollars an ounce it will mean 200,000 more people employed in northern Ontario, northern Quebec and northern Canada as a whole, and will prove beneficial to the whole of Canada.

I want to say a few words about a very contentious subject, namely dominion-provincial relations. I know I am going to have with me in this the present leader of the Progressive Conservative party (Mr. Bracken), because his attitude was most logical and statesmanlike when he appeared before the Rowell-Sirois commission, and later on the dominion-provincial conference held for the discussion and adoption of that report. He made a wonderful impression there, not as a provincialist but as a true Canadian. He realized that the whole was greater than any of its parts, and his situation today must be unhappy because behind him there are men who are not playing the game on dominion-provincial relations, as he did as a real and true Canadian.

The doors have always been open so far as the federal government is concerned. I am not going to hold any brief for the premiers of Ontario and Quebec. They happen to be

premiers of our two greatest provinces. But it is only by accident that Quebec has a larger territory than Ontario and that Ontario has more natural resources than some of the other provinces. I repeat the words which my dear friend the hon. member for Davenport used at the outset of his remarks: My riding expands as the rest of Canada expands and my province of Ontario expands when the rest of Canada expands. There is no getting away from that. There should be no poor sister in the confederation. When it comes to a meeting of the provinces with the federal government to provide health insurance, old age pensions, mothers' allowance and other social legislation we should all be one, no matter from which province we come. I am sure that no two men have a monopoly of all the grey matter in Canada.

Only yesterday it was announced that the premier of Nova Scotia has accepted an agreement with the federal government. The premier of New Brunswick and the people of that province have just as much intelligence as we in Ontario or the people of any other province. That fine little province of Prince Edward Island, which is smaller in area than my own riding, has its share of grey matter, as is so well shown by its sons scattered all over Canada. The province of Manitoba has good men at the head of its government. Then there is the province of Saskatchewan, and I want to speak a special word of eulogy of the premier of that province. I have read that he was most constructive in the deliberations of the dominion-provincial conference and that he did a good job. If there was anything bad or vicious in signing an agreement with the federal government I am sure that Mr. Douglas, who is an experienced parliamentarian and a true Canadian, would never have signed. The same applies to Alberta and British Columbia. Surely there should be a way of coming to agreement by honest compromise. There is nothing sinister in that. They tell me that when you get married you must be willing to meet your wife half way, and this applies to practically every action in our lives.

Mr. MARTIN: How do you know?

Mr. BRADETTE: I have heard that several times. Why is the air around dominion-provincial relations so vitiated at the present time? I say deliberately that it is done purely and simply for political purposes.

I have in my hand a report of a meeting which was addressed by Mr. Duplessis, premier of the province of Quebec, my native province, at the official opening of International Plywoods Limited at Gatineau, Quebec.

I wish to read an excerpt from an editorial in *Le Droit,* an Ottawa newspaper, of November 18, 1946. I am going to give, first of all, my own translation of this paragraph, and then I shall read it in French so that there can be no comeback on my interpretation of it. Speaking of dominion-provincial relations and the speech of Mr. Duplessis on that occasion, this article, which, I believe, was using the words of Mr. Duplessis, says:

In the first as in the last federal propositions, Mr. Duplessis sees again an assimilation attempt against Quebec, a menace to its right to develop according to her Catholic and French traditions, in taking away from her its financial means of action, in limiting its legislative jurisdiction of social order. Of this legislative centralization, of this assimilation by small portion, but positive on the long run, of this placing under tutorship, of this diminution of the facilities of Quebec, to organize and to develop its life in accordance with its Catholic and French mentality, of this Mr. Duplessis does not want any.

Now I shall read the paragraph from the editorial as it appeared in *Le Droit:*

Dans les dernières comme dans les premières propositions fédérales, M. Duplessis voit encore une tentative d'assimilation du Québec, une menace pour son droit à se développer selon ses traditions catholiques et françaises, en lui enlevant ses moyens financiers d'action et en limitant sa juridiction législative d'ordre social. De cette centralisation législative, de cette assimilation à petite dose, mais sûre à la longue, de cette mise en tutelle, de cette diminution des facilités du Québec à organiser et à développer sa vie selon sa mentalité catholique et française, M. Duplessis ne veut point.

(Translation):

Mr. GAGNON: That is so.

Mr. BRADETTE: No, that is not so; the statement is partly right and partly wrong.

(Text):

I have been a member of parliament for a long time in this fine assembly, and you will not be surprised, Mr. Speaker, and members who are listening to me will not be surprised when I say that I never saw or heard a single member of parliament who would like to see anything happen to provincial autonomy. The reason is very simple. I come here from the province of Ontario. My home town is the little town of Cochrane, a fine little spot in northern Ontario. I like my own town and will fight for it even against the big city of Toronto. I am an Ontarian now and love the province of Ontario and will fight for the province of Ontario because I am an Ontarian. But over and above all that there is a great big loyalty which we all honour and cherish, and that is of being a Canadian; it is Canada. And here in the federal house any legislative assembly has

all the protection of provincial rights that it could wish to have. I never heard from the lips of any member of this house a single expression that would lead me to believe he would tolerate for a single moment any infringement of provincial rights.

Having said that, I am going to speak now as a man who was born in the province of Quebec and tell Mr. Duplessis this.

If ever the French Canadians in this country lose their faith or their language it will be due to themselves and themselves alone, but I know that that will never come. I make that statement deliberately, because there is no reason why religion or language should be mixed up with a question of this kind. It would be just as logical for Mr. Drew to say, in Toronto or in Kingston or even in Ottawa, that in signing dominion-provincial contracts the Protestant faith and the English language would be destroyed. I have lived forty years in northern Ontario, among English-speaking people of the Protestant faith, as well as among French Canadians, and I think you will believe me when I say that it has never occurred to any English-speaking person to do anything to prevent me from being a Roman Catholic. I say that deliberately and sincerely. If I have seen people who have not received that amount of respect which they thought they deserved it was because they were not true enough to their own faith or the French language.

On the question of language, it is true that the Canadian minority in Ontario had to fight for their rights and to the members of parliament I say, you should have seen the moving spectacle of French-Canadian mothers surrounding elementary, separate bilingual schools because there was legislation passed in Ontario—rule 17—which attempted to stop the teaching of the French language in the primary stages in the elementary schools. But by organization, through the vigilant guidance given by L'Association de l'Education de l'Ontario, by the rising of our men and women as one person, using all the weapons of democracy and just plain good judgment and intelligence, and speaking as one as Canadians of French descent, we brought our case before the provincial authorities for consideration, the privy council, the Ontario legislature and public opinion.

I want you to remember that the man who had put that unjust law on the statutes of Ontario, the Hon. Howard Ferguson, after years of practical and necessary agitation, was sufficiently courageous—because it needed courage—to repeal that act. The French Canadians are logical. They had logic on their side in this important question for them, therefore we thought that we could rely on the fairness and sense of justice of the English-speaking majority in the province and we succeeded.

Is there any single member, whether from the province of Quebec or from any other part of Canada; is there any single federal member who is prepared to tell us now that if the province of Quebec should sign an agreement with Ottawa it would mean parting with the rights of that province, either constitutional or natural, either faith or language? No one could make that statement because it would be absolutely untrue. That is why I deplore any statements that are not Canadian, statements that are not constructive. To my compatriots I will say this: If we respect ourselves in the province of Quebec and outside the province of Quebec; if we are true to our faith and to our mother tongue; if we are vigilant about our rights we shall be respected by the rest of the Canadian people.

One word about the premier of Ontario. I live in northern Ontario, and sometimes we make jokes about what is called Queen's Park, because it is so far away from us. The premier of Ontario seems to be afraid of centralization resulting from a dominion-provincial conference. He blows hot and cold, however; hot one day and cold the very next. At the conference, Mr. Duplessis walked out and Mr. Drew followed saying, "We shall have nothing more to do with it". A few weeks later, Mr. Drew said that we must have another conference, and then, later on, he declared that he would have nothing to do with a government in which he had no confidence. I would ask hon. members from Ontario whether that is the word of a statesman and whether it shows cohesion and consistency.

I respect Mr. Drew just as I respect all the premiers that have been in office in Ontario. I was honoured with the personal friendship of Mr. Ferguson, Mr. Finlayson and Mr. Hearst during the first years I lived in the northern part of the province. But there are certain things that the Canadian people must know about his lack of confidence in the federal government.

The Prime Minister, the leader of the present government, has not been at the head of this country by accident. The Canadian people, through the ballot box, soon find out the weight and ability of a man whom they put at the head of a country, a man who is to govern the country for years. If he is found wanting he does not remain long in office. How long has the Prime Minister been at the head of affairs in Canada? Mr. Drew should remember these things. I have mentioned

previously the name of two members of the cabinet, the Minister of Finance and the present Minister of Justice. I mention now the Secretary of State for External Affairs (Mr. St. Laurent) and the Minister of Agriculture (Mr. Gardiner). I mention also the Minister of Reconstruction and Supply (Mr. Howe), and I wish to pay him this tribute. We were fortunate indeed to have him at the head of so important a department during the war. He has done a job which was the admiration of the whole world, and I take second place to no one in honesty or sincerity, when I make this statement. I could mention every member of the cabinet without exception for their excellent services.

If I thought for a moment that the signing of an agreement with the dominion would be prejudicial to my own province I would be the first to oppose it. Why should anybody question the loyalty of members of parliament on any side of the house? Statements of the kind that I have just referred to are nothing but a reflection on the government and on every member of this parliament.

We have grievances in northern Ontario. I have heard an hon. member speaking of hydro electric power in New Brunswick, and it is all very well for members of parliament from southern Ontario to talk about the wonderful achievements of Ontario Hydro; but we have not yet Ontario hydro power in northern Ontario. We have developed all our mines and natural resources with private capital, and when we went to Toronto and appeared before the hydro electric, they said, "No. The field is not proven and we cannot go there at the present time". But individuals found it possible to go there. Through Ontario Hydro, we in northern Ontario have paid tens of millions in taxation to help bonus the southern part of the province. We did not begrudge that, because what is good for one section will eventually be good for every other part of the province. In my section there are farmers who have been farming for the last forty years, and in the summer months when there is rain they cannot get out because the mud is right up to their knees. We do not criticize that, because we know the territory is terrific and is too expansive to develop all at once. I repeat, we are logical, and I want the premier of Ontario to use the same logic in dealing with dominion-provincial relations as we use in northern Ontario in relation to Queen's Park and the provincial government, and with our real grievances we do not damn or condemn the administration.

I suggest, Mr. Speaker, that if we have the necessary cooperation there is no reason why we cannot succeed, why we cannot arrive at constructive understanding. There need be no talk of hard bargaining. The hon. member for Muskoka-Ontario seemed to be scandalized because there was bargaining; but, after all, there must always be some give and take. There was bargaining at the time of confederation.

The ACTING SPEAKER (Mr. Golding): Order. The hon. member's time has expired.

Some hon. MEMBERS: Go on.

Mr. BRADETTE: I do not want to abuse the privileges of the house.

An hon. MEMBER: Go ahead and finish.

Mr. BRADETTE: I thank you most sincerely. The premiers of Ontario and Quebec will be in good company if and when they sign agreements with the seven other premiers, because those other gentlemen are all true Canadians, as much Canadians as any of us in this house, and it is a reflection upon them to think otherwise. Why should we try to create the impression that the other premiers came here as beggars? They came here not as beggars but as Canadians negotiating with other Canadians in an endeavour to find a solution to a common problem. We do not want any duplication of taxation, but we do want to have the social legislation that we stand in need of implemented, and it ill behooves the two richest provinces to take the attitude, "Well, if they haven't got the money it is too bad for them".

I repeat the statement of the hon. member for Davenport. The expansion of Toronto and the expansion of Montreal is due to the expansion of the rest of Canada. The expansion of northern Ontario has helped southern Ontario. I may say that two years ago when I spoke in this house I then complimented the premier of Ontario, Mr. Drew. I said that he did well at the conference two years ago, but I cannot say the same thing at the present time. Let him forget politics for a while and work for the whole of Canada and, as far as my section of the country is concerned, we shall be 100 per cent behind Mr. Drew. We believe in Ontario, but we believe still more in our wonderful country and welfare, which is Canada.

Mr. SKEY: Will the hon. member permit a question?

Mr. BRADETTE: Certainly.

Mr. SKEY: May I ask if he thinks that his province of Ontario should be guaranteed individual exclusive fields of taxation under this dominion-provincial agreement?

Mr. BRADETTE: That is an elaborate question and it would take quite some time to answer it. However I will say this: If you read the British North America Act, the federal government can have all the fields of taxation it desires—it is there in plain black and white—but it does not want that. It wants to work in cooperation with the nine provinces in the Canadian federation for the welfare and benefit of the whole nation.

Mr. C. E. JOHNSTON (Bow River): I should like to take this opportunity, as others have done who have spoken in this debate, to congratulate the Minister of Finance (Mr. Abbott) on the splendid manner in which he presented the budget. It is a great honour indeed for so young a minister to have such a tremendous responsibility as the one he carries, namely, being the Minister of Finance for the Dominion of Canada. While I do congratulate him on presenting his budget and while I think he did it in a splendid manner, I cannot agree with the statements outlined in the budget. I am sure that a great many Canadians feel, as I do, greatly disappointed in the budget of 1947. After all, Mr. Speaker, the people were looking forward at this time with great hopes and expectations to a considerable relief from the terrible tax burden which they have carried for so many years. The minister in his statement presented to the house is estimating his revenue this year at $2,200 million. That is a huge amount. It is true, too, that the total revenues have greatly increased; but, in my opinion, the living standards of the people have not risen according to the production, and therefore the people of Canada have every right to look for greater relief from taxation.

As was pointed out by the hon. member for Peace River (Mr. Low) $2,200 million will have to be collected from in the neighbourhood of 3,000,000 families, making a total tax levy of over $700 on the average family. The average Canadian family can ill afford that tremendous amount. Not only did the Liberal party themselves do a great deal of boasting about the splendid budget that was brought down, but they were assisted in their efforts by the press across Canada generally. I do not contend for a moment that the press across Canada reflects the opinion of the people of Canada; but for some mysterious reason the press carried in great flashing headlines remarks such as these concerning the budget, "Finance Minister announces $352 million surplus." On the face of it, that sounds very good and it seems as though the government is doing a tremendously good job of financing. Then again, in one of the Ottawa papers there was the headline "Income tax slashes well received." I cannot for the life of me imagine where they got that opinion from, unless it was merely from the editorial writers.

That brings me to the point, Mr. Speaker, where I want to refer briefly to the Progressive Conservatives in this house. I was very much interested in the official criticism made by the Progressive Conservative party, and I refer to it in that capacity. I was amazed that there was really no effective criticism, and I am not so much surprised at that, because the Minister of Agriculture (Mr. Gardiner) I think, gave the answer quite clearly yesterday when he was speaking to the house. He went to great lengths to point out that the policy of the Conservative party, ever since Canada was started, was one of raising tariffs and the policy of the Liberal party was always one of lowering tariffs. But the point is this: the Conservatives have been in power, and the Liberals have been in power much longer, but the tariffs have always climbed up.

Some hon. MEMBERS: Oh, oh.

Mr. JOHNSTON: That is a matter of history. I am not saying something that is not a fact.

Mr. GARDINER: You had better check the record.

Mr. JOHNSTON: The Liberals have been in power all the time I have been in the house. During a portion of the time there was a war on, but for the last two years there has not been any great reduction in tariff rates that I know of, except in one or two instances.

Mr. KNOWLES: Where it did not make any difference.

Mr. JOHNSTON: And before that the Conservatives were in power. So I say to the Minister of Agriculture and to the Conservatives that it does not make much difference to the country which of the parties is in power. The people always get the dirty end of it anyway.

I want to refer to the criticism made by the Progressive Conservatives and when I say that I do it in a kindly way and just to show that their criticism was ineffective. I wish to refer to the Progressive Conservative amendment to the budget made on May 6, 1947, as reported at page 2805 of *Hansard*, and to read parts of it. I read over very carefully the speech of the financial critic of the opposition in the hope that I might find some place where there was some constructive

criticism. The amendment starts out in this way and I read only that portion to which I intend to refer:

This house regrets that the proposals of the Minister of Finance (a) offer no relief from the oppressive burden of indirect and hidden taxes on staple necessities that compose the family budget, all of which taxes directly increase the cost of living;

(b) offer no encouragement to those engaged in the development of our natural resoures, especially mining and agriculture.

As I looked through *Hansard,* the only place where I could think that the Conservatives were making reference to the high cost of living and the treatment which they would give, was at page 2802. This is what the official critic of the Progressive Conservative party had to say:

I want to say a word about inflation, just a word dealing wholly with the question of money supply. The minister did not deal with that, and in a way I was sorry that he did not because I think it is important. I think it is important for us to remember that the means of payment in the hands of the public, that is to say, the money or its equivalent which people have in their hands, is two and a half times what it was in 1939. It was then $2,400 million and now it is $7 billion. I would urge strongly that that huge amount should be reduced, and incidentally I am glad to see the minister the other day began a measure of reduction by partly paying off a maturing loan out of the government's own resources.

I would interpret that to mean that the Conservative opposition are concerned about the tremendous rise in prices; they apparently blame that on the fact that the people have so much purchasing power in their possession and therefore would reduce that purchasing power. The only way in which I could see that they would effectively reduce the purchasing power would be by raising the taxes. I am sure the people of Canada would not at all appreciate having their taxes increased beyond their present levels If that is the solution the Progressive Conservative party would apply if they were in power, I think that would be even a worse day than we are witnessing at the present time. Then the amendment goes on:

(b) offer no encouragement to those engaged in the development of our natural resources, especially mining and agriculture.

The only reference I can find to this, in an offhand way, is on page 2803, where the financial critic had this to say:

Fifty years ago the man who retired with a modest competency could get five or six per cent on it and he could reckon on living the rest of his life upon the proceeds. What happens today when he receives three per cent? And he is lucky if he gets that.

[Mr. Johnston.]

There the financial critic is very much concerned because the government has endeavoured to lower interest rates. I would take strong exception to that. I think interest rates are much too high. I need not make further reference to that at this point, because I intend to deal with it later on. However, those were the only two points I could find in the criticism of the budget, so again I say the people of Canada would have a difficult time if those were the only solutions the Progressive Conservative party had to offer.

Let me now deal more specifically with the budget and the manner in which I think the people of Canada are taking it. Those of us in this house recall quite clearly that, before this budget was brought down, the tax exemptions were $750 for single persons and $1,500 for married persons. As social crediters we have always maintained that the tax exemptions should not be less than $1,200 for single persons and $2,000 for married persons.

Mr. MICHAUD: They ask a lot more than that in Quebec.

Mr. JOHNSTON: I said "not less." If the hon. gentleman will just listen, I think he will find that my statements are quite accurate. That is the unfortunate thing about the hon. member who spoke yesterday, and I intend to refer to that later on. He does the same thing; he sits here but he does not listen carefully, and he gets the wrong impression. Let me repeat; we believe the exemptions should be not less than $1,200 for single persons and $2,000 for married persons, and in a few moments I hope to be able to convince the hon. member that this is not asking too much. As a matter of fact, it is not sufficient, and really should be higher. It is true that some relief was given by a reduction in the rates, but when that is interpreted in terms of dollars and cents the relief is very little indeed. Let me refer for just a moment to the table put on *Hansard* by the minister; then I do not think we shall be so optimistic about this thing. If we refer to page 2556 of *Hansard,* a married taxpayer with no children and having an income of $1,800 would pay $68 for this year at the present rates. For the year 1947, with six months at the present rates and six months at the new rates, he will pay $52, or a saving of only $16. No one will seriously contend, not even members on the government side or the Minister of Finance himself, that $16 is very much relief to a taxpayer. Then a married taxpayer receiving $2,000 would pay $118 at present rates and will pay $94 during the full year, a reduction of $24, or $2 a month.

Mr. LESAGE: What about 1946?

Mr. JOHNSTON: I quoted the figure for 1947, which would be the tax payable under last year's budget, and I am quoting the figure the minister gave for the full year 1947, payable next year.

Mr. LESAGE: But you do not have there the reduction made in 1946.

Mr. JOHNSTON: As I say, the saving in this case is $24 a year, or $2 a month. Surely we cannot boast very much about that. A married taxpayer receiving $2,250 would pay $180 under the present rates and will pay $150 during the coming year, or a saving of $30.

Mr. LESAGE: For six months.

Mr. JOHNSTON: No; that will be his total tax.

Mr. LESAGE: In 1947.

Mr. JOHNSTON: No; for 1947, six months at the present rate and six months under the new rate. That will be his tax next year, so that he is saving only $30. That is nothing to boast about. I believe the people of Canada have every right to expect a better deal than that. Now let me just quote from a clipping I cut out of a newspaper the other day in regard to the cost of living, and we shall see just how far that $2 a month will go toward compensating people for the tremendous increase in the cost of living. This is an article from the *Western Producer* of May 1, 1947, headed "Housewives right on living costs." It states:

In Ottawa last Friday—

You see this is quite authentic.

—the bureau of statistics confirmed with figures what housewives have been declaring for a long time, that the cost of food, clothing and household requirements is considerably more than the official cost of living index indicates.

Between August, 1939, and the end of 1946, the official index showed an increase of 26·1 per cent. By last month it had risen an additional 2·8 per cent.

While these figures represented the official average advance, they did not give much indication of some of the price advances houseswives, particularly city housewives, have worried about. Egg prices are 70 per cent higher than they averaged in the period 1935-39. In the same class are cheese, round steak, rolled rib roast, stewing beef, veal, bacon, lard, rice, beans, corn syrup and lemons.

The bureau computes its index by averaging the weighted representative price figure for each of six main essential item groups: fuel, rent, foods, clothing, home furnishings and services and miscellaneous.

The food group—

And this is interesting to note.

—advanced 47·4 per cent; clothing 31·1 and home furnishings and services 28·2 per cent. Fuel moved ahead 10·3 per cent, rent—before the recent increase in domestic rentals—9·2 and miscellaneous, 12·6.

That is the increase in the cost of living; and compare that increase in the official cost of living with the measly $2 a month that the man I referred to is going to save.

Mr. LESAGE: What about the increases in salaries since the beginning of the war?

Mr. JOHNSTON: We will talk of that in just a minute; I am glad the hon. member mentioned it. Apparently he is satisfied that the people of Canada are receiving sufficient to maintain a decent standard of living, so for his benefit and the benefit of all hon. members in the house I want to quote what was stated by the Toronto welfare council in regard to a budget for a minimum standard of living and self-respect. They state that to maintain a bare relief subsistence for a family would require, as of May 1, 1947, over $2,300 a year before taxes.

Mr. LESAGE: How many children?

Mr. JOHNSTON: It would not make any difference whether there were one, two or three children.

Mr. LESAGE: Oh, yes, it does.

Mr. JOHNSTON: At present prices you show me the family in this country that can have a decent standard of living on less than $2,000, and for every one you show me I will show you five hundred who cannot. However, Mr. Speaker, I want to refer to the hon. gentleman a little later, so I am not going to give him too much attention just now. I do not want to flatter him.

Mr. LESAGE: You had better not.

Mr. JOHNSTON: I am coming back to you in a moment.

I now want to direct attention for a moment to page 2554 of *Hansard*, where the Minister of Finance was speaking. I am not going to quote at great length, because others have done a very good job of that, but there the minister had this to say:

In reducing the rates of income tax I have, of course, endeavoured to graduate them as fairly as possible, giving the greatest proportionate relief to those in the lowest brackets, but granting some relief to all.

Mr. LESAGE: That is good.

Mr. JOHNSTON: I am not going to say that is not right. But the thing I want to point out is that he said he is giving the greatest possible relief to those in the lowest brackets. I disagree emphatically with that statement. I do not think the minister did give the greatest possible relief to those in

the lowest income brackets. Surely no one would contend that a reduction of $6 in taxes for a year is any appreciable amount of relief, or $16 or $18 for one in the next bracket. Would that be considered relief by any sane person? Would that be considered as a great amount, or the greatest possible amount of relief? Surely not.

Then he said that he was granting some relief to all. I do not know whether he meant there some relief to all people in Canada, or just some relief to those in the income tax brackets. If he meant some relief to those in the income tax brackets, then I think he would be right; but if he meant relief to all the people of Canada he is most definitely wrong.

I want to speak for a moment about those persons who are not in income tax brackets. They are the ones who are being more harshly treated than any other people in Canada. And when one considers that those persons to whom I refer form about fifty per cent of the families and people generally in Canada, one realizes that a tremendous number of people are receiving no relief whatsoever. In fact, their living standards are being greatly lowered by the continual increase in prices, and the rising cost of living, as I have already indicated.

At page 2554 of *Hansard*, the minister said:

> The exemption levels established last year are high enough to exempt completely from tax more than half the people earning incomes in Canada.

That is an astounding statement, when the minister has the audacity to stand in the House of Commons—even though it was his first budget, and he may be inexperienced—and say that over half the people of Canada are receiving no benefit whatsoever, and then in the same breath say that fifty per cent of the people of Canada, if they are single, are living on less than $750 a year.

The government of Canada should be thoroughly ashamed of itself to make that admission to other countries, and to the people generally. It should be ashamed to admit in the same breath that over fifty per cent of the people of Canada, if they are married, are receiving less than $1,500 a year, and should be ashamed to say that it expects that a family could be maintained on that amount. That is an outrageous disgrace.

Mr. LESAGE: It is not true, if they have children.

Mr. JOHNSTON: I am taking the minister's own word; if you want to contradict him, you can go to it.

Mr. LESAGE: I do not have to contradict him; but what you said is not true.

[Mr. Johnston.]

Mr. JOHNSTON: I want to speak further about these people. For instance, for a moment let us consider the old age pensioner. I believe the average pension runs between $23 and $30, across Canada. And when I give those figures as the monthly payments, I am putting them terrifically high. Would anyone contend for a moment that Canada, such a rich country, cannot produce sufficient to give our elderly citizens a better standard of living than that? I think that is one of the most disgraceful things that ever occurred, to expect our elderly people—

Mr. MARTIN: Has the hon. gentleman ever thought of having the government of Alberta increase the amount?

Mr. JOHNSTON: I am glad the minister mentioned that, because Alberta was the first province to do that very thing. And I say to the minister that even Alberta would have gone farther at that time, and would go farther now, too, if the federal government would not turn around and take it away from the old age pensioners.

Mr. MARTIN: Would the hon. gentleman be good enough to answer the question?

Mr. JOHNSTON: I do not think I got the significance of the question. Would the minister mind repeating it?

Mr. MARTIN: I suggest to my hon. friend that perhaps he might ask the government of Alberta to do the very thing he is asking this parliament to do.

Mr. JOHNSTON: I answered the minister, because I said that Alberta was the first province in Canada to do that very thing. They increased it to a point where, at the present time, the pension in Alberta is $30 a month.

Mr. LOW: And without asking the federal government to share in it.

Mr. JOHNSTON: And the point was this, that if the provincial government had given more than that there would have been difficulty, because there is a federal regulation whereby, if more than $425 is received by the pensioner, the federal government's contribution would be cut down. So that it was unwise for the provincial government to give the pensioners more, with one hand, only to have the federal government take it away from them with the other.

Mr. MARTIN: The hon. member knows that is not so.

Mr. JOHNSTON: You explain it, then.

Mr. MARTIN: He knows, furthermore, that the government of Canada pays seventy-five per cent of the contribution.

Mr. LOW: But not of the additional $5.

Mr. JOHNSTON: I was not arguing that; I did not say that the federal government did not pay seventy-five per cent of the amount; but they do not pay one five-cent piece of the $5.

Mr. MARTIN: My hon. friend is trying to give the impression that this parliament alone is responsible in connection with that matter. If he gives the full story he will realize that the government which is paying seventy-five per cent surely has the right to suggest that the other jurisdiction, which is paying only twenty-five per cent, might well increase its share, if an increase should be made.

Mr. LOW: We did, to the extent of $5 a month.

Mr. JOHNSTON: I did not say that the federal government was not paying seventy-five per cent. I readily accept that; it does. But just because the federal government contributes seventy-five per cent, why should it have in force regulations which prohibit provincial governments from raising old age pensions as high as they like?

Mr. MARTIN: I will point that out when the legislation is brought down, and my hon. friend will have his answer.

Mr. JOHNSTON: I am pleased to hear that. I think the minister will agree with me that it is long overdue. These elderly citizens have received too little for many years, and have had to live in a state of poverty.

Mr. KNOWLES: And they will still be poor.

Mr. JOHNSTON: I am hopeful that when the federal government does bring down its old age pensions legislation the amount provided will be considerably in excess of $30 a month. And I sincerely trust that the means test will be eliminated. because it is a federal baby, and not one from the provinces. If that is done, then I think the minister's criticism would be justified.

Mr. MARTIN: One further question. In view of the question I put a while ago, is the hon. member aware that his neighbouring province of British Columbia pays more than the province of Alberta?

Mr. JOHNSTON: Yes, but just at the last session of the legislature of Alberta provision was made for granting medical services, which will greatly outrun what is done by British Columbia.

Mr. MARTIN: Oh, no.

Mr. JOHNSTON: Alberta is always ahead in that regard. I am pleased to see the other provinces coming along, and I think Alberta has done much in prodding this government to bring down old age pension legislation which, we hope, will be worth while.

Mr. KNOWLES: This is the parliament of Canada. Let us deal with the things with which we are supposed to deal here.

Mr. JOHNSTON: And when we are dealing with old age pensions, let me say the amount should be much greater than $30 a month. It should not be less than $50 a month, without a means test. Some may laugh at that, and may say it is crazy to suggest that we should give an old age pension of $50. But is it crazy? Is it crazy to expect our old people to live on less than $50 a month, in view of the fact that prices have so greatly increased? Why, certainly it is not. We cannot expect these elderly citizens, who are not receiving enough to keep body and soul together, to continue living in that way.

In passing, I should like to refer to pensions for the blind, and to suggest that again in this instance the amount allowed is inadequate.

Time is passing rapidly, much more rapidly than I had thought, so I shall turn now to another subject. I want to refer particularly to the speech of the hon. member for Montmagny-L'Islet (Mr. Lesage). I should like to refer for a moment to that portion of our agriculturists who do not come within the budget, who are receiving no consideration by way of relief in taxation. The hon. member for Battle River (Mr. Fair) asked for the number of farmers who pay income tax, and the return tabled showed that only 3·6 per cent paid income tax in 1945-46. This means that 96·4 per cent of the farmers of Canada are earning less than $750, if single, and $1,500, if married. In Quebec only one-tenth of one per cent of the farmers are receiving sufficient income to pay an income tax. These are the people to whom the hon. member for Pontiac (Mr. Caouette) was referring when he asked the government to provide them with a decent standard of living. The hon. member for Montmagny-L'Islet is reported on page 3006 of *Hansard* as follows:

Mr. Speaker, since I still have a few minutes at my disposal, I should like to quote a few excepts from a book written by M. Henry de Jouvenel and entitled "Huit Cents Ans de Revolution Francaise":

The financial genius that was Law or Lass conceived every form of modern credit. He

showered them on a distressed country with the cheerful faith of an inventor who ascribes universal powers to his discovery.

That applies to our social credit system, does it not?

He asked a question and I want to answer it. I think that statement shows the colossal ignorance of some individuals. Whether it is intentional or not, I cannot say. If it is done in pure ignorance, I sympathize with him; if it is done intelligently, then there is no sympathy warranted. Any hon. member who has been in this house for one, two, ten or twelve years should know that social credit is a system of distribution of surpluses. When the hon. member refers to a distressed country he could not possibly be referring to social credit. Canada is certainly not a distressed country; Canada is one of the most productive countries in the world. The other day the minister pointed out that our production had reached the high point of $11·1 billion, and it was possible that our production would exceed $12 billion this coming year.

Why should there be any family in the province of Quebec living a substandard existence? If we did not have the stuff in Canada it would be a different proposition, but according to the minister's own words Canada is one of the richest countries in the world. No family or no individual should have to live on an income of less than $1,500 or $750 respectively. The hon. member for Montmagny-L'Islet should take a lesson from the hon. member for Pontiac and do a little studying and find out what is the matter with this system.

An hon. MEMBER: We are doing it.

Mr. JOHNSTON: You did not show it in that speech. I want to speak for a moment about the national debt. In this connection the minister said, and I quote from page 2551 of *Hansard:*

> The estimated gross liabilities of the dominion at the end of the fiscal year amounted to approximately $17,660 million, against which active assets of approximately $4,590 million were held, leaving an estimated net debt of $13,069 million as of March 31. This, of course, is $352 million less than a year ago, as a result of the surplus on the year's operations.

Although the minister did it later on, it would have been nice if he had stated right there that that surplus was due almost entirely to the sale of war assets, which amounted to $372 million. Do not forget that those war assets were built up by the people of Canada through the toil and labour and materials which they supplied and that they were then sold for a few cents on the dollar to realize $372 million.

In connection with our debt I should like to point out that our funded debt, as at the end of the last fiscal year was $16,524,161,000 and that on that debt we pay $437,000,000 in interest every year. At least three-quarters of that debt was built up during the war. The debt was caused largely by the government financing the war effort by borrowings from the chartered banks and individuals. According to the *Canada Year Book*—I am speaking from memory, but I think the reference is page 946 or 964—before the war twenty-five per cent of our taxes went to pay interest on our national debt, but since the war, because of the increase in the revenues of the country, about twenty per cent of the taxes now collected are used to pay interest on the national debt.

I suggest to the government that had they financed the war effort through nationally created credit, by the use of the Bank of Canada—the hon. member when speaking the other night did not seem to know anything about the Bank of Canada and I suggest that he do a little studying about it—they would not have created billions and billions of dollars of debt and we could have saved practically all of that $437 million. We could have used that to raise the tax exemptions to the amounts I have suggested without impairing the national credit whatever. We could have done away with the excise duties, which amounted to $75 million, and the sales tax, which amounted to $162 million. I suggest that that is one way in which we could have used the Bank of Canada and thus been able to raise our tax exemptions this year to a decent level. At the same time we could have lowered the cost of living without jeopardizing our financial status, so that the people of Canada would have received some benefit during the years to come.

The hon. member who preceded me said that we should not always be looking forward to a depression because, if we do that, a depression is likely to come. That may be so, but I am not so gullible as to think that mere wishful hoping will keep us out of a depression if it is coming. As was suggested by the hon. member, I want to look at the thing logically. When speaking the other day the minister referred to a possible depression, or I think he said recession. But there is not much difference between a recession and a depression. It all depends which end of the line you are on. One has already been predicted in the United States because of the lack of consumer purchasing power which exists there as well as in Canada. The *U.S. Journal of Commerce* reports:

The recession is here . . . a decline in production is taking place this month.

That was on April 24, 1947. *Moody's Stock Survey* of April 26, 1947, refers to "a business contraction of disturbing proportions".

Business Week of April 26, 1947, states that:

. . . though incomes have been rising right along for most people they long since were left behind by prices.

The *U.S. Journal of Commerce* also reports that wage rates are about twenty-one per cent "out of line" with prices.

These are warnings that we cannot well disregard. People may say that preaching a depression is apt to bring one on. Nevertheless the facts are there, and no less a person than the Minister of Finance himself has cautioned us against one. Therefore it is high time that we began to revise our financial system, and the people of Canada would do well to review the economic history of the Liberal party and of the Progressive Conservative party. If they do so they will find that the facts of history are these, that no matter which party was in power it has always led us into a depression. If we are to travel the same road again it does not take any great intelligence to foresee that we are going to come out at the same place. We have had all these warnings and the people of Canada would do well to take the advice I am giving. I also suggest that if the hon. member for Montmagny-L'Islet wants to come back to this house he had better mend his ways and learn a little about social credit.

Mr. GAUTHIER (Portneuf): You think you are the best judge of that.

Mr. JOHNSTON: Well, he seems greatly worried about it and I am simply giving him a little fatherly advice. I shall not have time, Mr. Speaker, to enter upon another subject in which I am particularly interested.

Mr. DEPUTY SPEAKER: By unanimous consent the hon. member may proceed.

Mr. JOHNSTON: Then, with the permission of the house I shall make a brief reference to the agreement of sale which is being presented to returned men and civilians who are taking advantage of the government's wartime housing programme. I have the agreement of sale in my hand. I made some reference to it the other day, but I did not have a copy then and have received this since from the Central Mortgage and Housing Corporation.

First, let me say that proper consideration should be given to these men who offered their lives in the defence of this country, some of whom have come back crippled. Due consideration should also be given to those civilians who are building homes under this programme. The returned men offered their lives for us unconditionally and for not very much pay. I am not comparing their pay with the pay that was given by other countries, but generally speaking I say that they did not receive very much pay for what they were called upon to do.

Under this agreement of sale which I have received from the Central Mortgage and Housing Corporation, the returned man or the civilian is forced to pay 4½ per cent interest compounded half-yearly. In my view that is too high a rate for these men to pay. It should be not more than—I emphasize that, not more than—three per cent simple interest. When we sold victory bonds to the people of Canada we did not give them 4½ per cent interest compounded half-yearly. That rate should be changed to three per cent simple interest.

But that is not the major fault I find with this contract. The veteran who is building a home under this contract must sign this agreement. It is the only one presented to him. The government may say that it is just the standard agreement of sale. I agree that it may be the standard agreement of sale, but surely we should have some consideration for these men who offered their lives for us in the last war and have come home and are endeavouring to start up anew by buying a home for themselves. I shall read two clauses, so that hon. members may judge them for themselves. This one is taken from page 5 of the contract:

And also that he will give up possession—

That is referring to the purchaser.

—of the said lands on breach made in all or any of the covenants herein set forth without any notice to quit and without the vendor bringing any action for ejectment. And that, on such breach, these presents (at the option of the said vendor) shall be void without any recourse whatsoever by the purchaser either at law or in equity against the said party of the first part for or in respect of any matter or thing in those presents contained for the recovery of any moneys paid by the purchaser under or in pursuance of this agreement which payments, in the event of any breach by the purchaser of any of the covenants aforesaid hereby declared, shall be retained by the vendor as and for liquidated damages and not as a penalty.

Under this clause of the agreement, if a veteran should slip up on any one of his payments—he may have paid them all except the last one—if for any reason, perhaps by losing his job, he could not make that last payment he would have no equity in the house and no recourse to law. He has to give up

every cent of equity he has in the house. That is a very severe contract for these men who fought for us in the last war. The next clause reads:

> And upon any such breach the purchaser shall forthwith become a mere trespasser upon every part of said lands and may be forcibly ejected therefrom by the vendor or by his employees or agents without any of them being in any way responsible for damages or otherwise therefor. And the vendor shall be at liberty to retain possession of said lands and at his pleasure to re-sell same without notice, upon such terms as he may deem proper and in any event absolutely freed and discharged from all and every claim whatsoever thereto on the part of the purchaser. Time being declared to be the very essence of these presents.

In other words, the vendor, in this case the Central Mortgage and Housing Corporation, a subsidiary of the government, when the veteran has paid everything except perhaps his last payment which, for some reason or another he may not be able to make, can kick him out and re-sell his property to anybody, without calling for tenders or asking for bids, just sell it for anything they like and say to the veteran, "You have not got one cent of equity in this property; get off; you are a trespasser." If the veteran says, "I will take it to court," they can answer, "You signed an agreement that under these circumstances you have no equity in the property at all and you have no recourse to the law." In my view, Mr. Speaker, this agreement of sale is an absolute disgrace to Canada, and the federal government should see to it that there is no delay in changing the terms of this agreement of sale as it applies to veterans coming in under wartime housing.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

QUEBEC NORTH SHORE AND LABRADOR RAILWAY COMPANY

Mr. EDOUARD RINFRET (Outremont) moved the third reading of Bill No. 106, to incorporate Quebec North Shore and Labrador Railway Company.

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

GUARANTY TRUST COMPANY OF CANADA

The house in committee on Bill No. 172, respecting Guaranty Trust Company of Canada—Mr. Brown—Mr. Macdonald (Brantford City) in the chair.

Section 1 agreed to.

[Mr. Johnston.]

On section 2—capital stock.

Mr. JAENICKE: I should like to say a few words about this section. When this bill was in committee we questioned a director of the company who was there to give evidence, and while it appears perhaps that for the convenience of the company it is advisable to change the head office, I am not so sure that it is advisable in the public interest. This company had its birth in the city of Windsor, Ontario, and it has established branch offices in other cities of Ontario. It established such an office in Toronto in 1934 and, according to the evidence given to us, the business in the Toronto office is now larger in volume than that in any other city. I think we should give this bill some thought before we approve this section, because of the danger of centralization. Some of my hon. friends talk about the danger of centralization of political power.

Mr. TIMMINS: What is the difference between Toronto and Windsor?

Mr. JAENICKE: I will tell you in a minute. I think there is much greater danger of centralization of industrial, economic and especially financial power in the cities of Toronto and Montreal. This was pointed out a few days ago by the hon. member for Cape Breton South and I do not need to repeat what he said. We find that our banks have their head offices in either Montreal or Toronto, and when we look at our trust companies incorporated under dominion law we find that most of them are now situated in Toronto or Montreal. Hon. members should think twice before assenting to more centralization of financial power in these two cities.

Section agreed to.

Bill reported, read the third time and passed.

WORKMEN'S CIRCLE OF CANADA

Mr. DAVID CROLL (Spadina) moved the second reading of Bill No. 180, to incorporate Workmen's Circle of Canada.

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—Incorporation.

Mr. CHURCH: This seems to me to be an extraordinary bill for any hon. member to introduce into this parliament, inasmuch as it deals largely with property and civil rights within the province. In our province we have a workmen's compensation act and we have had labour legislation on the statute books

since shortly after confederation. This bill grants very wide powers as set out on several of its pages; powers to maintain a general fund, make provision for deficiency in the general fund, dispose of surplus of benefit fund, acquire real estate, and so on. It covers matters that are largely provincial. In view of the fact that we have already such excellent labour legislation and labour unions, I am surprised that it should be considered necessary to establish an organization such as this at the present time, because, as I say, it undoubtedly deals with a large number of local matters that are covered by various statutes under the federal Department of Labour and under the province as well. Section 15 of this bill provides that the society may acquire the whole or any part of the rights, assets and property of any kind whatsoever of the Workmen's Circle incorporated under the laws of the state of New York.

What have we to do with an organization in New York? Have we not trouble enough of our own without bothering about what goes on in the United States? Why do we want to bother with any workmen's circle there? It seems to me that we are going around in a circle here. I have a great deal of respect and admiration for the hon. member who is sponsoring this bill and I know he has always been a friend of the working man, but I must say to him that I cannot see any necessity for a bill of this kind. I certainly do not see why there should be such an organization.

I have never mentioned race or religion in this country—I am not that kind of man—but I am afraid that if we are to have various organizations of this kind; if we are to have different circles set up, we shall have a tremendous amount of work in parliament from various other circles coming up for charters, some of which are more ornamental than useful. I do not know much about this circle, but in the other place it passed to the sound of a trumpet. There are secret circles in the other end of the building, and they are here today and gone tomorrow. I do not see why we should pass this bill. There was one bill for which second reading was asked there some time ago and it had not even been printed. I should like to get some explanation from the mover because he is a man who generally gives an illuminating address. He might be able to convert me and others too, but I say in all sincerity that we are going very far afield when we propose to incorporate societies that will be linked up with organizations in New York or elsewhere across the border. What we want today is a national policy not only for capital but for labour. I do say that about all United States organizations, even though they have been started for many years past and been in Canada. I say that the time has come when some reason will have to be given for coming to Canada to do fraternal business in the interests of peace and prosperity and the working classes in this country.

The CHAIRMAN: Shall section 1 carry?

Mr. SMITH (Calgary West): No. I want to ask the sponsor of the bill to give us an explanation of it. I have no opinion one way or another, but it does seem to suggest some extraordinary powers. It may be quite all right. I think we should have a full explanation of the intention of the bill.

Mr. CROLL: This is the ordinary incorporation of a fraternal society for the purpose of insurance benefits. The Workmen's Circle is a United States organization having branches in Canada. They have decided to embark on their own in Canada and have therefore requested this parliament to incorporate them. The reference made by the hon. member for Broadview to the Americans was merely for the purpose of taking over what assets they had in this country and accepting their liabilities. The bill has been gone over by the insurance department and they find it satisfactory. I thought the bill would be referred to the appropriate committee; but as the house is dealing with it, I may say that it is the ordinary bill of this sort. The Workmen's Circle have been in Canada for nearly twenty-five years. They are merely asking for the ordinary incorporation that a friendly and fraternal organization requires.

Mr. SMITH (Calgary West): Does section 5 carry out what you say?

The CHAIRMAN: Does section 1 carry?

Mr. HACKETT: I was going to ask if there is any reason for dealing with this bill in this way. This is the type of bill that generally goes to a committee such as the banking and commerce committee where it is dealt with in a businesslike way. The officials of the different departments affected can go there and give their views and enable the members of the committee to express an enlightened opinion. I do not know to what extent the hon. gentleman who is sponsoring this bill feels that he can vouch for those who are incorporating this society or feels competent to express an opinion concerning the various phases of the activities in which this body would like to engage. Is there any objection to referring this bill at this time to

the committee on banking and commerce, which is the procedure that seems logical and proper to me?

Mr. CROLL: As a matter of fact, I was taken quite by surprise. I thought this bill would go to a committee and I think it ought to go to a committee. I am quite prepared to vouch for the people who are incorporating this body; I know of them and they are excellent citizens. However I am not fully acquainted with the bill and in committee we shall be able to explain it.

Mr. HACKETT: I think the hon. gentleman has been quite fair; the procedure suggested will enable the gentlemen who are interested in the bill to go before the committee and tell their story. The matter could then be dealt with in the usual businesslike way.

Mr. CROLL: I will move that the bill be referred to the banking and commerce committee.

The CHAIRMAN: With the unanimous consent of the committee.

Progress reported.

Mr. CROLL moved:

That Bill No. 180, to incorporate Workmen's Circle of Canada, be referred to the standing committee on banking and commerce.

Motion agreed to.

TORONTO TYPE FOUNDRY COMPANY LIMITED

Mr. DAVID CROLL (Spadina—for Mr. Sinclair, Ontario) moved the second reading of Bill No. 178, respecting certain patents owned by Toronto Type Foundry Company Limited.

He said: At the request of the hon. member for Ontario, I think it is fair that I should make a few explanatory remarks about this bill. The Toronto Type Foundry Company Limited are the owners of certain patent rights relating to printing machinery, such as feeders, folders and stitchers. Some eight patents are involved. Two of the patents have expired and six have two or three years to run. The purpose of the bill is to revive the two patents which have expired and to extend for an additional period of six years, the life of those patents which have not yet expired. The reason they ask for this is that during the war the owners were unable to use the patents because of lack of material and lack of manpower. As I have already stated, the period that they ask for is approximately the six-year period. Under British law application may be made to the courts for the purpose of extending the life of a patent. With respect to these patents that are applicable to Britain, that application has been made and has been granted. There is no such recourse to the courts in this country and so it is necessary to come to parliament. The company points out that it needs this legislation in order to operate successfully. In 1927, 1928 and 1930 similar legislation was passed by this house, though I have not with me and cannot seem to put my hands on the circumstances under which it was passed, but I have the references.

Mr. JACKMAN: Not in connection with the same company?

Mr. CROLL: No, not the same company. My suggestion is that because this bill is somewhat unusual it be sent to a committee where evidence may be heard and perhaps differences reconciled. I think the house should know that this corporation the Toronto Type Foundry Company, is neither a cartel nor a trust, but a family corporation of many years' standing in the city of Toronto. The public interest will not be injured if the bill is passed. There is similar machinery available in the country. Under the circumstances, and because it is an involved matter, I believe these people are entitled to their day in court. So I ask the house to give consideration to sending this bill to committee, where these people may have an opportunity to present all the pertinent facts before we deal with it here. There is a committee that has already dealt with the matter of patents, and it might very well be referred to that committee for such consideration and opinion as it may wish to give.

Mr. DIEFENBAKER: A moment ago the hon. member mentioned that in the United Kingdom there was provision for making application to the courts in order to maintain these patents which were lost under the circumstances referred to by him. Would he tell the house the nature of the proceedings taken over there and where they can be ascertained or whether he has a record of them?

Mr. CROLL: Yes I have; I shall refer to my memorandum. In answer to the hon. member's question the British patent act contains a provision which permits the courts to extend the life of patents. This was done in the case of two British patents No. 281599 and No. 290509 which correspond to Canadian patents No. 283101 and No. 323334 which are among those covered by the bill. Extensions in Britain were granted on the ground that the patentees had suffered loss or damage due to war, which is the same basis on which this

bill is being presented. There is provision in Britain for applying to what they refer to as the high court which has jurisdiction to deal with this matter.

Mr. F. E. JAENICKE (Kindersley): I am rising to oppose second reading of this bill, and I do not think it should be referred to a committee. We are asked to extend the life of eight patents, two of which have already expired, as has been pointed out by my hon. friend. These are patents owned by the applicant, the Toronto Type Foundry Company Limited, who hold these patents as assignees of the original inventors. I searched these patents, and it might be well to put on record who were the original inventors and also when the patents would ordinarily expire, as well as the date of expiry of the two patents mentioned. No. 266582 expired on December 7, 1944; the inventor was one R. Hitchcock of Cleveland, Ohio. No. 283101 expired in September, 1946, and the inventor was again this Mr. Hitchcock. No. 323334 will expire in June, 1950, and R. Hitchcock again was the original inventor. No. 343638 will expire in July, 1961, and again R. Hitchcock was the original inventor. No. 376688 will expire in September, 1956; the inventor was William H. Draper of England. No. 328639 will expire in December, 1950; the inventor was James Cook, also of England. No. 332292 will expire in May, 1951; the inventor was Harold Mason, also of England. The last one, No. 292206, will expire in August, 1947; the inventor was Fred L. Manny, of Burton Harbor, Michigan.

I strongly and vigorously oppose the passing of this bill, for several reasons. In the first place, I contend that it would set up a dangerous precedent. Our Canadian law makes no provision for the extension of the life of a patent. There is a reason for that; and that is why the owners are seeking to extend their patent rights by this special act of parliament. I have tried to look up some previous applications of this kind. I find there have been several, and I refer in particular to one made to this house in 1925, which concerned the extension of a patent right with respect to radio tubes. The bill then before the house was the same as the present bill, and after a short debate the house refused the motion for second reading. Mr. J. L. Brown, at that time the member for Lisgar, in opposing the bill on that occasion had this to say, as reported at page 1232 of *Hansard* for 1925:

> In the judgment of many that time is too long;—

He meant the period of seventeen years.

> —certainly it is long enough. If the term is to be changed at all, I think we would favour reducing rather than lengthening it. Many reasons might be advanced why this patent should not be continued. The hon. member who has introduced the bill has indicated certain reasons why in his judgment it should be continued. I suppose the same reasons could be advanced by almost every patentee for similar indulgence.

I wish to endorse the sentiments expressed by Mr. Brown, especially his view as to the length of life of the patent and also as to the creation of a precedent. An interesting application of this kind was before this house in 1900, where a special act of parliament was sought to make provision empowering the commissioner to extend the life of certain patents. Sir Wilfrid Laurier, then Prime Minister, took part in that debate, and this is what he said as reported in *Hansard* for 1900, columns 2671 and 2672:

> Now it seems to me that in public interest such requests should not be granted. The granting of a patent is an abridgment of the right of the community generally . . . I think as a general rule all such applications ought to be refused unless a very strong case is made out . . . For my part I do not think it would be wise to facilitate such extensions in any manner.

According to the explanatory note in the bill itself, and as stated by the hon. member who introduced the bill, the reason for this legislation is stated to be that conditions created by the war and business depression have prevented the petitioner from enjoying the patent rights to a fair extent. I would think that almost any patentee holding a patent right will have suffered to some extent by the same conditions stated by the petitioner, and if we grant this bill, what is to prevent this parliament's being swamped, perhaps not at this session, but at the next session of parliament, with similar bills? If we grant this we would have no moral right or justification to refuse other similar applications.

It may be argued, and it was argued, that in Great Britain and the United States there are powers which extend the life of a patent, and I shall discuss that later. I also understand that some of these particular patents have been extended in Great Britain, as the hon. member for Spadina (Mr. Croll) just told us they have. But Britain would not be faced with the same danger of precedent as we are in Canada, because the British law is a bit different from ours.

In Britain, for instance, most patents do not last for the life which was granted under the patent originally. In Great Britain, after the third or fourth year, the patentee has to pay an annual fee to keep his patent alive. If that

fee is not paid, then the patent expires. The result is that in the sixteenth year only six per cent of the patents in Great Britain are in force; that is, of the patents granted sixteen years previously; while in Canada, under our law 100 per cent of the patents are still in force seventeen years after they were first granted. Therefore any precedent that might be set in Britain is not half as dangerous, because only a small number of the patents are in force. And an application in Britain must be made at a certain time. I shall also mention later some of the conditions which attach to an application for extension of time in Britain.

I say we cannot possibly afford to pass this bill for the reason I have stated, of creating a dangerous precedent alone. I say, further, that there is no legal right whatsoever to grant any such extension. Our act is silent as to the extension of patents. We have already dealt with war conditions, and with the delay which has been caused by war. Bill No. 16, which was finally passed by the house last Friday, makes provision for that. I would argue that for us to pass this bill would be in direct contradiction of section 28 (a) of the bill which was passed by this house last Friday, and which, by the way, was fully debated, fully discussed, and gone into in committee.

As I say, we have made provision for some extensions necessitated by war conditions. It may be argued that in Britain, and also in the United States, there is power to extend the life of a patent. This is true, and I have already pointed out the situation in that respect in Great Britain, where there is less danger of precedent because of the expiry of eighty-four per cent of the patents before their term is at an end. According to the British law, the courts have power to extend the time under certain strict and prescribed conditions. In Terrell on Patents (7th edition), on pages 266 and 267 under the heading "Extension of Term of a Patent", the learned author says this:

> The merit (to be shown by petitioner) required is that of great practical utility rather than that of exceptional ingenuity and it is to be judged by the benefit which the invention has conferred or is likely to confer upon the public.

In Trantom's Patent, 34 R.P.C. 28, at page 37, Sargant, J. said:

> There is no doubt whatever that before the court can exercise its jurisdiction in favour of a petitioner, it must be satisfied that there has been some merit considerably greater than is sufficient to support the grant of the patent itself and having regard to the nature and merits of the invention in relation to the public, I think the court has to find, as a condition precedent to exercising its jurisdiction in favour of the patentee, that there has been some considerable benefit given to the public by the inventor in respect of that invention.

It will be noticed that it is a condition precedent to exercising its jurisdiction that the court must find that there has been some considerable benefit given to the public by the inventor. That is a most important point, and nothing has been shown here, for instance, of anything of that kind.

In the United States there seems to be power vested in the commissioner of patents to extend the time under certain conditions again, but it appears from Walker on Patents, second edition, that the extension of time is restricted in favour of the original inventor. The author states on page 1177:

> It was against the policy of the law, if not against its letter, to extend any patent in the extension of which, if granted, the inventor would have no property right. The right to an extension was given by the law chiefly with a view to the advantage of the inventor, and not of his assignee or grantee.

It will be seen that under United States law this company would certainly not be successful in getting an extension of time, because the original inventors are not applying for this extension, but only the assignee. In the case before us all the original inventors of all these patents are apparently private persons, and the company which applies for this act of parliament is simply the assignee. There seems to be good sense and logic in this. When the original inventor assigned his patent to the company he undoubtedly received consideration, and this consideration was based in part upon the fact that the patent would last for a certain time. Now, if the assignee is to receive further time, I would argue that for this further time no consideration is given to the original inventor, because he is not a party to this extension, and he seems to be absolutely ignored. Consequently there is no legal right whatsoever.

And now what about any moral or equitable right in this connection? I claim there is no such right, either moral or equitable, in any patent. I believe that a patent is a contract between the inventor and the public, and if it is such, there can be no alteration of any contract under the contract law, unless it could be shown that the parties to the contract were not of one mind, or similar circumstances which are not applicable here. I find my contention to be supported by Frost on Patents, where the learned author says on page 159:

> A patent is to be considered as a bargain with the public, and ought to be construed on the same principles of good faith as that which regulates all other contracts.

And then on pages 300 and 301, the learned author says; and I find this interesting:

It cannot, however, be contended that an inventor has any natural, or even a moral right in his invention, for he does not create in the same sense as an author does. The distinction between the production of a great literary composition and the discovery of a great invention is made apparent by a contrast of a play of Shakespeare (Hamlet, for instance) with a world revolutionizing invention such as the steam engine of Watt. Had Shakespeare never written Hamlet, it is practically certain that the play would never have existed, and the literature of the world would undoubtedly have been the loser; but had Watt never lived, it can scarcely be doubted that the vast superiority of the plan of condensing the steam in a steam engine in a separate vessel instead of in the cylinder would have been perceived and communicated to the world by some other inventor. It is evident that an inventor merely produces a new art. The law does not recognize any natural or moral right in the inventor to the exclusive use of the invention, and will not, except on certain conditions, attempt to guarantee him a monopoly in the profitable exercise of it.

I have already pointed out the absence in the picture of the original inventors, and I would even go farther and say that it is neither moral nor ethical to grant an extension to this company without protecting the rights of the original inventors.

Moreover, the company is out of court altogether, because I think it has abused its patent rights, as I shall explain in a few moments. There being no legal right as I have pointed out the applicants come to this house as if it were a court of equity. It is an old recognized principle in equity that one who comes to equity must come with clean hands. I may say that this company offends against this principle because on the information which I have received none of the articles patented are now, nor have they ever been manufactured in Canada. Section 65 of the Patent Act provides in sub-paragraph 2 as follows:

The exclusive rights under a patent shall be deemed to have been abused in any of the following circumstances:

(a) if the patented invention, being one capable of being worked in Canada, is not being worked within Canada on a commercial scale, and no satisfactory reason can be given for such non-working.

Mr. SMITH (Calgary West): I may say to the hon. member that so far I am with him, but I am wondering if he has the dates of assignment in order to bring it in line with his argument?

Mr. JAENICKE: I am sorry; I have not the dates.

Mr. SMITH (Calgary West): You do not know whether these people have had an opportunity of working the patents?

Mr. JAENICKE: My information is that they have had these patents since the original applications were made; in every case they were assigned at the time the patent was issued.

Mr. SMITH (Calgary West): They have had them for a long time?

Mr. JAENICKE: Yes. I have reason to believe that my information is correct when I make the assertion that neither one of these patents is being worked in Canada but the articles or devices which the patents protect have always been imported from foreign countries. This is an abuse of patent rights under our law and it is an abuse which affects materially our whole Canadian economy. At some time or another we should really look into this matter fully. In 1946, according to the commissioner's report, patents granted in Canada amounted to 7,412, of which only 495 were granted to Canadian residents, and of the 6,917 which were granted to foreigners, 5,845 were granted to residents of the United States. I may say that the picture in the United States is the very opposite, where the patents granted to United States residents amounted to 22,983, and only 1,655 were granted to foreigners.

When we were talking about the benefits of the public in connection with patents and patent rights, what public do we mean? Surely we refer to the Canadian public and to no other public. The public is very much concerned. May I point out that two of the patents have already expired, and consequently any rights under these are vested in the public, the Canadian public, which so far does not appear to have benefited because the devices and articles are not made in Canada.

I think it would be the most vicious precedent for us to create if we were to pass this bill.

I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the word "now" be deleted and that the words, "this day six months hence" be added at the end of the question.

Mr. EUGENE MARQUIS (Kamouraska): Mr. Speaker, I wish to object to the present bill and to support the views of the hon. member for Kindersley (Mr. Jaenicke). Bill No. 16, to amend the Patent Act, 1935, was adopted by this house a short time ago. It was discussed at length in the standing committee on banking and commerce and general provisions were adopted in so far as the dura-

tion of patents was concerned. This bill should be the law of the land for the Toronto Type Foundry Company Limited as well as for any other company or individual.

I do not see any reason why such a privilege sought by this piece of legislation should be granted. If it were granted any other company could seek the same advantage in derogation of the general principle. Why should we adopt conflicting legislation? It is only by way of exception that privileges of this kind are granted to an inventor for a determined period of time. At the expiration of that period the patent rights should be handed over to the public in order that fair and just competition may be allowed. There is no public interest in prolonging the life of the patents mentioned in this bill; only private interests are concerned. If we accept the principle of this bill our statute books will be full of private bills conflicting with or derogating the general law applicable to such a matter.

These patents originated in the United States, and in prolonging their duration we would be depriving Canadian citizens of the rights which they would acquire in the near future in connection with manufacturing or producing for the benefit of this country the articles covered by these patents. Why should we give to citizens of the United States privileges which are not given to our own fellow citizens?

Finally, this measure creates a monopoly to the prejudice of individual enterprise. When the Toronto Type Foundry Company Limited applied for the patents it knew they would be issued for seventeen years. It should have planned its production based upon that knowledge. It should be aware of the fact that Bill No. 16 provides special privileges for inventors who could not develop their patents during the war. I cannot accept the principle of granting a privilege of this kind to a large concern, which privilege could hardly be obtained by the ordinary man.

(Translation):

Mr. Speaker, the hon. member for Spadina (Mr. Croll) stated a while ago that the present bill did not promote the establishment of a monopoly. I wish to indicate that the company requesting an extraordinary privilege, contrary to the general provisions of the Patent Act, does so in connection with six different patents. If it does not constitute a monopoly at the present time, it nevertheless has a tendency to do so and, on that ground, I am firmly opposed to the bill.

Mr. GAUTHIER (Portneuf): Hear, hear!

[Mr. Marquis.]

(Text):

Hon. COLIN GIBSON (Secretary of State): Mr. Speaker, the previous speakers have given a clear indication of the objections that exist to the passage of this bill. The hon. member for Kindersley (Mr. Jaenicke) quoted from a speech by Sir Wilfrid Laurier, in which he pointed out that in his opinion it was not in the public interest that patents should be extended. It has been suggested that in Great Britain provision is made for extension of patents by application to the courts, but conditions in Great Britain are entirely different in that fees are paid annually. A fee of £5 is paid in the fifth year of the life of the patent, a fee of £6 in the sixth, and the fee increases progressively at the rate of £1 a year up to sixteen years when the fee is £16. The patent holder has a substantial interest in the patent, and if he has not failed to keep his patent alive he has a substantial investment therein. That condition does not exist here, where the patent fee is extremely low to enable all persons who have a patentable article to secure a patent and to secure a monopoly of it for seventeen years. But it has not been the policy in this country to extend patents, nor is it the policy in the United States, although I understand that they have a law there which permits an extension of the patent where it was taken out by a veteran who was on active service and who was not able to develop it while on active service overseas. I should like to say, before this amendment is voted upon, that this is a free vote of the house. I think the objections that have been brought forward clearly indicate the objections that exist to extending patents in this way.

Mr. D. KING HAZEN (St. John-Albert): Mr. Speaker, it seems to me that there are two sides to this question. I hold no brief for the people who presented this bill, but I think the matter should be more carefully looked into and a decision should not be jumped at in too great haste. It seems to me that it would be advisable to submit this matter to the committee which considered the amendments to the Patent Act.

What are the facts in connection with this application? Here they are. This bill seeks an extension of the life of eight patents. Two of them have already expired and the others will expire at various dates between now and 1950. The basis of the application for this extension is this, that by reason of wartime regulations which prohibited the securing of materials and man-power to develop these patents their owners have suffered a loss. They got the patents and were prepared to

go ahead and develop them; they made a big investment. Then the war intervened, and the government made regulations that prevented the people who were to develop and make these machines from getting the necessary materials and the labour. Consequently they were held up, although I presume they had gone to a great deal of expense.

An hon. gentleman to my left said that this should be treated as a contract. I have not the cases here, but it seems to me that you will find plenty of authorities to the effect that, when it is impossible to carry out a contract owing to the intervention of war, that puts an entirely different aspect on the agreement. In this case these people had invested their money in these patents, prepared the machines and were all ready to do the work. Then the government passed certain regulations which prohibited them from getting the materials and prevented them from employing labour, because the government said it wanted to put materials to other use and men to work somewhere else. Consequently the patent holders stand to face a big loss. Is it fair or right that, because the war intervened, they should be deprived of their right of going ahead? Is it right that the privileges secured under the act should be taken away from them?

Mr. GIBSON (Hamilton West): What about the 180,000 other patents?

Mr. HAZEN: I do not know anything about the other 180,000 patents. I do not know if there are 180,000 or not. But I think this particular measure should be considered on its own merits and should be considered upon principle rather than upon the assumption that consent to it might lead to flooding the patent office with other applications. Is that not the right way to deal with this matter, to consider it on its own merits rather than say: Oh, well, if we pass this bill there will be a lot of other bills come into this house.

That, I know, is only one side of the question. You can look at it in another way. You may say it is the wrong principle that we should do it in this way. Then it seems to me that if it cannot be done in this way, there should be an amendment to our Patent Act somewhat similar to the amendment to the English patents and designs act to enable a man who has secured a patent to go to the courts. He should be able to go there and not come to this house, when he finds himself in such a situation. Under circumstances like this, where a man has been prevented from developing a patent by reason of war intervening he can in England tell his story to the court and, if the court is satisfied, it can grant him an extension of the time in which he can control that patent. It seems to me that there should be an amendment to our Patent Act to cover a situation of this kind, and that is the reason I submit that it might be to the advantage of this house and of the country to have this matter sent to a committee of the house for consideration and not just brush it aside in this peremptory way without proper consideration.

Mr. SPEAKER: The hour for private and public bills having expired, the house will revert to its former business.

THE BUDGET

DEBATE ON ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Muskoka-Ontario), and the amendment to the amendment of Mr. Coldwell.

Mr. T. J. BENTLEY (Swift Current): Mr. Speaker, I am sorry the Minister of Finance (Mr. Abbott) is not in his seat at the moment, because all those who have preceded me in this debate, including some notable and redoubtable members, have offered their congratulations to the minister upon the excellence of his budget presentation. I should like to add mine too, humble as they may be. I think he earned congratulations upon his presentation. However, after reading the budget I find that, while I can congratulate the minister upon his presentation, I cannot congratulate him upon the subject matter of the budget. Like the other speakers from this group, I am keenly disappointed over the things I see in the budget and disappointed over some of its important omissions, and those omissions will be the main part of my discussion tonight.

The budget itself is a rich man's budget, in a year when rich people are getting richer and poor people getting poorer. It is a direct negation of the government's promise to bring in a new order of society in the interests of the great mass of the producing and working citizens of Canada. A little over a year ago the Minister of Justice (Mr. Ilsley), then minister of finance, informed the house that the wartime prices and trade board had permitted Canadian manufacturers of farm machinery to increase their prices by 12½ per cent. He gave it as his positive opinion and that of the officials of the department, or of

the wartime prices and trade board, that if these companies were not allowed this increase their profits might fall so low as to prevent them from continuing that business. But now a year later we find that the Massey-Harris Company had in 1946 the highest net profits they ever had since 1929, and that is after paying taxes. Besides that, they increased their working capital from $23,869,000 in 1941 to $31,470,000 in 1946.

Mr. ILSLEY: Are the figures the hon. member is giving the figures of their world business or their Canadian business?

Mr. BENTLEY: This is the Massey-Harris statement, probably including all the business they do.

Mr. ILSLEY: In the whole world?

Mr. BENTLEY: As far as I know. It still does not alter the fact that they did not need an increase in Canada, because they still had plenty of world business. It would appear that the judgment of the minister and his officials was inaccurate, and I can only conclude that their anxiety to protect the rights of big business to earn great profits at the expense of the working people of the country was the cause of the inaccuracy of his forecast.

Mr. ABBOTT: Pretty demagogic stuff.

Mr. BENTLEY: Well, the Massey-Harris people published their own statement, and whether they sell their stuff in Timbuctoo or in Canada the profits are there. They would not have gone out of business, and I made that statement as flatly as that at the time.

Mr. ILSLEY: I believe the figures are the consolidated balance sheet of their world business, and the profits were made mainly not on the export sales but on what they produced abroad.

Mr. BENTLEY: It still gives them a profit and does not alter the essential facts. These interruptions are all right, but I have only so many minutes, whereas the ministers get a lot of time.

Mr. ABBOTT: It reads better too when you send it out.

Mr. BENTLEY: The minister ought to know, and I am prepared to have him interrupt at strategic moments so as to make my stuff read better. The minister also declares a surplus bigger, as he said, than the total of all previous surpluses, I believe he said since Canada became a dominion. In spite of all that surplus, he did not give any ear or consideration to our request for the removal of some of the nuisance and other unnecessary taxes. In the matter of soft drinks, I would point out this; and I do not regard soft drinks as being nearly as important as the milk subsidy. It is only fair, however, to mention that the $18 million or $20 million revenue that this country gets from that tax could well have been dispensed with and the children of poor families could have been allowed that five cent luxury, buying their soft drinks at a nickel a bottle. I know there are people who will say that the manufacturers of soft drinks would probably have retained the price anyway and put the extra money in their pockets as profit, and if I were convinced that they would have done so I would have made no plea on their behalf. But I know one manufacturer of soft drinks who has given me his categorical word that he would not have done that, that he would have passed on the two cents, and I think it is only fair that I should put on *Hansard* a telegram he sent me just before the day the minister gave his budget address.

It shows that there are some small operators who have a public conscience. Those are the fellows I like, the little people, private enterprise and not monopolies, just the little fellows in the little communities who have a public conscience and are willing to do the public a service. This telegram was sent to me from Swift Current, Saskatchewan, dated April 28, 1947:

T. J. Bentley, M.P.,
House of Commons,
Ottawa, Ont.

Removal of war excise taxes on soft drinks will mean price of five cents to the public as we will pass this saving to it and will not raise our prices. As we see it we still urgently need a confection that can be purchased for five cents, more now than ever before as the public indicated its desire in this respect. Our quality will remain high and uniform as before. We respectfully urge removal of these taxes.

R. C. Dahl, Swift Current Bottling Works.

An hon. MEMBER: They would purchase ice cream cones.

Mr. BENTLEY: I expect there are some hon. gentlemen in this house who purchase confections and luxuries that cost a great deal more than that. It would do no harm to allow the children to have an ice cream cone as often as some folks have a bottle of Scotch.

Mr. SMITH (Calgary West): Then they would get too much ice cream; you have to be careful.

Mr. BENTLEY: There may be something in that and I will qualify my statement to that extent, but the principle remains the same.

However, the main thing I want to speak on tonight is the sins of omission in the minister's

budget. I refer to the fact that no mention was made of any amendment or improvement in the laws affecting cooperative institutions in this country. Last year I criticized, as well as I was able to, the government's proposal for the taxation of cooperative associations and its failure to recognize by statute the difference between cooperatives and corporations. I stated then and I state now that this country has great need for a federal cooperative act which will clearly define what is considered to be a cooperative association for purposes of taxation and for all other matters of legislation.

This may be a difficult act to devise, because there are likely to be as many different opinions as there are provinces; nevertheless a start should be made and work to that end should be going on as rapidly as possible. In the debate last year I tried to define the difference between cooperative associations and profit-making corporations, for the benefit of hon. members of this house. I was, of course, unsuccessful in convincing the government to accept the difference as I see it, so I will repeat it tonight, even though this may be a little wearisome. There are not so many in the house and perhaps those who are here can stand it.

To begin with, a cooperative association is as purely democratic as any human institution yet devised. In a cooperative institution each member has one vote only; consequently a cooperative cannot be dominated by virtue of the money investment of any single individual or group of individuals. This is the acme of democracy, if I understand the word.

1. Cooperative shares are not traded on the open market; therefore they are not attractive to speculators.

2. Interest on capital is limited and usually small, and in some cooperatives interest on share capital is completely non-existent by virtue of the decision of the membership.

3. Cooperatives are non-profit business concerns, by philosophy, by declaration and by actual operation. They exist to provide a service to the members at what the members believe is less cost than their cost for similar services that are being provided by existing profit-making concerns.

Cooperatives come into existence only when enough people come to believe that a cooperative can serve them in that way. As a rule, cooperatives, by decision of the members, charge the rates prevalent in their area, or in that type of business for the goods and services they provide their members. But there are very good reasons for this. It prevents price wars, which would be bad for all concerned, and sometimes disastrous. It does more than that. It provides a measuring stick for (a) efficiency of operation; (b) proof of the belief that savings can be made by cooperative effort; and (c) a safe figure to work on to take care of all foreseeable contingencies which might arise in the business world in the course of the year projected, and in this way prevent, in so far as possible, any deficit.

If the truth of this is established, then obviously, at the end of the fiscal period, if efficient operation has been carried out, there is bound to be a surplus which is then allocated back to the members on a patronage basis. There is no profit. I want to emphasize and underline that fact, that there is no profit.

4. Cooperatives are completely open as to membership, being thoroughly non-political in a partisan sense, non-denominational in a religious sense, and non-discriminatory in so far as race and sex are concerned, in membership and in the matter of elected or appointed officers and employees.

5. Cooperatives provide for education in cooperative principle and practice, with a limit set on the amount which may be spent for this purpose. All members are encouraged, are even implored, to study cooperative principles in general and their own cooperative in particular; to attend the meetings, and take part in examination of the operations, finance and in formulating policies, as well as in voting for directors.

It can be seen by this explanation that cooperatives have a special feature which makes them differ sharply from purely profit-making corporations. That special feature is the identification of the owner with the user.

These are the five guiding stars of cooperative enterprise. No one is coerced into becoming a member, although all are asked to consider becoming members. No one can dominate the organization by economic power. All policies and practices are decided upon by open and fair discussion of the members, with responsible officers present to answer for their respective responsibilities. There is no proxy voting by blocks of stock in the hands of a few individual officers. Interest on the capital provided by the members may be paid or not paid, by decision of the members and by no one else; that is, until last year when it was made law that they must declare a three per cent profit before they could return their surpluses to themselves. Any surpluses of the year's operation cannot be withheld by the officers for expansion or other purposes, unless the owners of the surpluses—that is, the members—instruct

such officers to withhold them for a given purpose, in which case such surpluses become an additional loan or share capital of each member. Hence, a surplus is his property.

This should make it apparent to everyone that this type of enterprise does not attract membership of any others than those who expect to use the services provided by the cooperative. It has no speculative or profit investment value. Interest takes second place to patronage dividends in a properly constituted cooperative.

Now I should like hon. members to observe the difference between cooperative associations, which I have just described, and corporations designed primarily for the purpose of profit making. In profit-making organizations each share has one vote, so that one person or a small group of persons controlling a large number of shares may decide the whole policy of that organization. Shares of this type of enterprise are listed on the stock exchange, many of which are bought and resold for speculative purposes, because the value of such shares fluctuates from time to time, and sometimes considerably. True, quite a few people may buy these shares for savings or investment, nevertheless these buyers may, and probably will, be spread over a great portion of the world, far removed from the headquarters of the corporation itself, and would be quite unable to exercise any democratic control over its operations. Such shareholders are usually invited to provide for the vote of their shares by a proxy to someone who is certain to be at the annual meeting. Hence an officer of the corporation who has a large financial interest in it himself, and who quite naturally will vote the shares for policies most remunerative to himself, may represent the voting shares of those who are without interest in his special policies. Thus, the theoretical element of democracy is nonoperative in actual practice.

In such a corporation the main purpose is to make profits on the investment, and the public are invited to buy shares for no other purpose than to earn interest or a capital dividend on such investment. This should clearly indicate the decided difference between money invested for the sole purpose of earning interest and money invested for the purpose of providing goods or services for the investor. In profit-making corporations there is no identification of the shareholder with the user.

This government claims to believe in cooperative enterprise. If it did not so claim I would not have made this speech tonight.

Mr. SMITH (Calgary West): Will the hon. member permit one question?

Mr. BENTLEY: Yes.

[Mr. Bentley.]

Mr. SMITH (Calgary West): I was wondering if the hon. member went so far as to object to people buying and selling the shares of a company on the market.

Mr. BENTLEY: I did not object. I was describing the difference.

Mr. SMITH (Calgary West): I did not understand.

Mr. BENTLEY: I did not object. I have made no quarrel with that.

Mr. SMITH (Calgary West): Thank you.

Mr. BENTLEY: I have simply described the difference between the two.

Mr. SMITH (Calgary West): The hon. member will appreciate that I was merely asking a question.

Mr. BENTLEY: Yes. What I am trying to do—and as I go along I will show why—is to claim that the present taxation of cooperatives is unjust. The Minister of Agriculture (Mr. Gardiner) has said in this house more than once that he believes in cooperatives. In fact, he has taken credit to himself and the Liberal party for the rise of cooperatives in Saskatchewan. The hon. member for Rosthern (Mr. Tucker), the leader of the Liberal party in Saskatchewan, has also said that he believes in cooperative enterprise. This government itself, by the very act of sending delegates to the Hot Springs food conference in 1943 and its subsequent acquiescence in the findings of that conference, has at least paid that much lip service to the idea of cooperative enterprise.

I am going to quote something which has been put on the records of this House of Commons on at least three occasions during this parliament, but which will bear repeating until everybody is cognizant of the great moral lesson contained in it. This is one of the findings of the Hot Springs food conference:

> That each nation examine its laws, regulations and institutions to determine if legal or constitutional obstacles to cooperative development exist, in order to make desirable adjustments.

But this government, in spite of its claim to believe in the ideal of cooperation, has deliberately made a law compelling cooperatives to be profit-making organizations, to the extent of three per cent of the capital employed; a most unwarranted action and a flagrant violation of the rights of free enterprisers—which cooperative members are—to decide whether they will invest their own money in their own business, interest-free or not. The law now says positively that they must not. It says that three per cent of the

capital employed must be recognized as capital earnings, regardless of the opinion and decision of the owners of such capital.

It is true, of course, that some types of cooperatives may so conduct their affairs as to have no surplus at all at the end of the year, but the number in this category will be small. The greater bulk of cooperatives operate, as I pointed out earlier in this speech, on the practice of charging the prices prevalent in the area or type of business, and there is bound to be a surplus to be returned to the member patrons. The government has decreed by statute that this investing membership are not competent to decide whether they should or should not pay themselves interest on their own capital employed. This is one of the worst types of class legislation since section 98 of the criminal code. It is discriminatory law; it is very bad law, and this budget makes no provision for its removal.

Cooperative members have already adopted the principle of limited interest on capital, and they should be quite competent to decide to what extent within that limit they will or will not pay themselves interest on their own capital investment in their own business.

Another piece of bad law passed last year is the government decision to force cooperative associations to get from each member patron an individual authorization to retain any or all of the member's share of the patronage dividend. Heretofore, in my province at least, it had been the custom for the membership, in annual meeting or by local by-law, to make this decision by majority vote, after full and free discussion. This is democracy.

The government's ruling, just mentioned, means a plebiscite of the membership every time the board of directors and management desire to carry out what might be the expressed will of the vast majority of the members. As I have said, this is bad law, and I trust the government will take immediate steps to correct it, though there are no indications in the budget speech this year that the government is taking any interest whatever in cooperatives.

Let me point out another instance of the government's ineptitude in dealing with cooperative organizations. It has been decided, for purposes of income taxation, that patronage dividends actually paid out are an expense of operation. That is quite proper. The government has also decided that certain types of dividends become income in the hands of the receiver, and other types do not. Those which are not so taxable are described as consumer or cost of living goods, which are a saving to the family or the domestic budget. The other kind are the cost of production goods. These the member purchases for use in his business, such as gasoline for his power machinery, lumber for his granary, coal for his bunkhouse, and so on. The dividends on these become income in the hands of the member patron when paid to him by the cooperative, and they are taxable. I am not going to quarrel with that decision by the government, but recently they passed order in council P.C. 528 instructing the managers of all cooperative enterprises to make returns to the Department of National Revenue, setting out the amounts paid to each individual member in patronage dividends; and they have placed the onus upon the manager of the cooperative to decide in each individual case how much of the patronage dividend is in the class of consumer or cost of living goods and therefore not income in the hands of the receiver, and which part is cost of production goods which does become income in the hands of the receiver. I should not like to suggest that the government had any ulterior motive in doing this, but I emphatically advise them that this will cause more trouble among members of cooperative associations than almost anything else I could think of. I ask you, Mr. Speaker, and the government, what individual will allow the manager of any business, cooperative or otherwise, to be the judge of how he has used the goods he purchased during the year? If the government is deliberately trying to create dissension between cooperative members and their management it could hardly have chosen a better method. The government must find some way of placing the onus of responsibility on the individual receiver of the patronage dividend. Difficult as this may be, it is the only fair and sensible way of doing it.

Under the law as enacted in the budget of last year, the government did exempt new cooperative associations from income taxation for a period of three years. They are to be commended for this partial recognition of the fact that cooperatives are an important part of our national economy, but I submit that three years is not a sufficiently long period. This exemption of three years applies to new cooperatives starting on or after the first day of the year, 1947, a year when prices are high, when costs of doing business are very high, and costs of capital equipment are extremely high, so that a cooperative starting this year may find itself with a heavy capital investment and, in the course of three years, may find itself in the middle of a serious recession or repression. I am not prepared to decide which of these terms, recession or repression, is the correct one to use as compared to "depression." In any event, three years is not long enough

for a cooperative association to ride over the vagaries of our present capitalistic system, with its booms and busts.

I should like to suggest to the government also that they alter the present legislation which provides that new cooperatives must have not less than twenty members, to permit a smaller number to be recognized. There are certain types of cooperatives, such as cooperative farms, housing cooperatives, fishing cooperatives and so on, which may require only five or ten or any number less than twenty for successful operation, and they should not be barred.

I mention these things, Mr. Speaker, because of my disappointment at the failure of the government to mention any of these matters in the budget or, as far as I have been able to see, in the budget resolutions which I believe were distributed yesterday or the day before. As I said last year, I believe the government pays too much attention to people who are opposed to the rise of cooperatives. I believe a great many governments do that. Provincial governments do it. Even though many governments claim to believe in free competition and so on, they are ready to listen to someone who wants legislation to prevent free competition. I notice that this year in the British Columbia legislature, where there is a coalition of the two old parties, there was an amendment to the cooperative associations act. The original act was passed in 1936, and under section 21 (1) of that act it is provided that an individual who freely becomes a contractual member of a cooperative is bound by the terms of the contract between himself and his association. Subsection 4 of that section provides that anyone who has knowledge of a cooperative marketing contract between a producer and an association, who solicits or persuades or aids or abets a producer to sell or deliver any produce otherwise than in accordance with the terms of the cooperative marketing contract, or accepts or receives for sale or for auction or for display for sale any produce of a producer delivered by the producer otherwise than in accordance with the terms of the cooperative marketing contract, shall be liable on summary conviction to a penalty. Now this act has been amended by striking out the word "produce" in subsection 1 and substituting therefor the words "thing caught", meaning fish or other sea product. The act is further amended by striking out subsection 4 and substituting subsections 4 and 5. The new subsection 4 practically repeats the things contained in the old one, but subsection 5 reads:

> Every person who uses any property belonging to another person to catch, produce, or collect fish or other marine products shall not be bound by a cooperative marketing contract with respect to the sale, delivery, or other disposal of such fish or other marine products, and the preceding subsections shall not apply to the sale, delivery, or other disposal of such fish or other marine products.

This relieves the member of his contractual obligation with the association and removes the penalty that can be imposed upon those who aid or abet him in breaking the contract, if the producer is using any property belonging to some other person to catch, produce or collect fish or other marine product. The actual effect of this will be that on the big fishing boats, where the fishermen are paid a share of the catch, even those fishermen who are members of a cooperative association will not be bound by their contract with the association to deliver their share of the catch to the cooperative. It further means that the owner of the vessel or equipment will be able to use every method known to him to solicit, persuade, aid or abet the producer not to fulfil his contract, if he should be inclined to do so. In other words, a fisherman who wants to hold his job on a boat will be practically compelled to sell his share of the catch to whomever the owner of the boat wishes, and in the case of big companies it does not require a great stretch of the imagination to realize that very few of these fish will find their way to a cooperative association.

Whether or not the government of British Columbia had any other reason for doing this than that they felt it was a good thing to do, the fact remains that it will be discriminatory law. I can remember when the same attempt was made to prevent the farmers of the prairies from delivering their grain to the elevators of their choice. As a matter of fact, the private elevator companies were able to prevail upon the government here in Ottawa to take out of the Canada Grain Act that provision which gives the farmer the right to determine the destination of his own grain. To have that right restored took quite a long fight in parliament; it took the introduction of a private bill here by the then member for Mackenzie, Mr. M. N. Campbell; I believe it was called Bill No. 8. I believe this whole matter was discussed before the committee on agriculture, and members of both the old parties on that committee were opposed to the restoring of those rights to the farmers. It became a matter of great concern to those of us in western Canada, and became almost an election issue, to such an extent that, when the election of 1926 was over, the new government finally, after much delay, did reinstate and restore those rights to the farmers.

Under those conditions, and realizing the omissions in the budget, the government can-

not wonder at my feeling at times—and others feel the same way—that they are too ready to listen to those who are opposed to the interests of the people themselves.

I have given these illustrations tonight, not in an effort to create antagonism, but to try to convince the government that big business is out, not only to prevent the expansion of the cooperative movement, but actually to kill it by these devices, if it can persuade the government to do so. Both this and past governments have been a little too ready to listen to this kind of people. Their readiness to listen in respect of this and other matters is the very reason for the existence of this party, and the party sitting to my left.

Both in spirit and in fact this budget is as much against the interests and democratic rights of the vast majority of Canadian citizens as are the examples I have just placed on record. There is no indication that the government has any intention of introducing a new order of society, nor is there any apparent intention on its part of even giving legislative aid to those little people who have the courage and the initiative to try to introduce it for themselves, through cooperative action.

I should like to commend to the government and the minister serious consideration of the points I have tried to place before them this evening. To my mind, the budget was aptly illustrated by the hon. member for Battle River (Mr. Fair) who, I believe, is of Irish extraction. When he spoke yesterday he told the story of the Scotsman who gave his child a nickel to go to bed quietly, and then took the nickel away after the child had gone to bed. But there is more than that to the story, because when the Scotsman tells it about the Irishman he adds this, that the Irish father who did this made the child go without his breakfast as punishment for his carelessness in having lost the nickel.

It seems to me the budget is doing much the same thing to the people of Canada. It is trying to keep them pacified so that they may go to sleep, and then, when they are asleep, or when they are not looking and are convinced that no harm will come to them, or when they have become somewhat inattentive, they lose what they have got; and they are being punished when they awaken for not having been more attentive. I would ask the government to give consideration to the recommendations I have made tonight.

In conclusion, may I say that I have not said these things with any desire whatsoever to cause any member of the government or the opposition to feel that I am being unduly critical. I was simply trying again to bring to their attention the facts I brought out last year with regard to this cooperative movement, of which I think so highly. And I shall have to continue so to direct their attention, so long as I am a member of the House of Commons, or until some government gives actual effect to these recommendations, by legislative action.

Mr. R. N. JUTRAS (Provencher): Mr. Speaker, I wish to deal more particularly this evening with the problem of dominion-provincial relations. Before doing so, however, I should like to make a few observations on the budget, as such. I am pleased to see the Minister of Justice (Mr. Ilsley) in his seat, because he did so much work in connection with the present act, and also to see the Minister of Finance (Mr. Abbott), who has made such a fine presentation of the budget. I should like to join others in congratulating him; and to see also the Minister of National Revenue (Mr. McCann), because, after all, he is the one who collects the money.

I wish to refer particularly to this statement of the Minister of Finance at page 2557 of *Hansard*:

> We have been busy during the past year upon the re-writing 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. Senior officials of the Departments of Justice, National Revenue and Finance have spent many months on a very detailed revision. I have taken a considerable personal interest in their work in this field.

I fully realize that we shall have ample opportunity at a later day to discuss this question. However, at this stage I wish to ask the Minister of Finance and the officials of his department to make a complete and thorough review or study of the income tax act as it applies to the farmers of western Canada. I am satisfied that the act framed to take care of the conditions of eastern farmers will not meet the requirements and the conditions of western farmers.

It would appear that the present act applies with a flexibility sufficient to meet most conditions in the eastern provinces; but on the other hand it is equally apparent that there is a marked rigidity in its application to conditions in western Canada and that it fails to meet conditions in that part of the country. I do not make this statement lightly but after having made a certain study of the matter. Many hon. members have seen the various sessional papers which have been published and which seem to substantiate my contention.

I am not going to labour the point nor am I going to quote from tables extensively. However I would point out for instance that in the year 1945-46 Manitoba contributed $1,866,590, whereas Ontario contributed $1,086,000 and Quebec, $59,000. This makes a difference between Ontario and Manitoba of about $800,000, despite the fact that the number of farmers in Manitoba is one-third the number in Ontario. I could place on record the figures for 1944-45 which, I suggest, would give about the same picture.

The very nature of western farming is entirely different from farming in other parts of Canada. In the west it is big business and entails heavy capital expenditures, because the farms are necessarily large. Consequently, before a person begins farming his costs are high. Then, the cost of operation is correspondingly high, because a man is working a larger tract of land, with the consequent larger operational costs.

There is a further factor which is most important, and particularly as it applies to income tax. I have in mind the fact that the farming enterprise in the prairie provinces is much more precarious than it is in other parts of Canada, and many conditions bring this about.

First, there is the matter of fluctuating prices. Fortunately, in the last few years, under this government, definite steps have been taken to stabilize that factor. And under the wise guidance of the Minister of Agriculture (Mr. Gardiner), who is certainly thoroughly familiar with conditions in western Canada, I am sure we shall not have to face the wide fluctuations in prices we have had in the past. I am quite sure that there will always be some fluctuations because there are hardly any local markets in western Canada. In my own province of Manitoba there are only two cities, greater Winnipeg with a population of 290,000, and Brandon with a population of 17,000. Consequently we have to go outside of the province.

Another factor which should be kept in mind is the hazards of nature in the west. I was surprised to notice the normal precipitation of rainfall in the western provinces. Many people think that in the west all is well outside the drought areas as defined by the Prairie Farm Rehabilitation Act. However, as an example, I should like to take the town of Morris, a thriving community of 1,000 population, situated about the centre of the Red river valley in my constituency. I think that district is recognized by all as being the best agricultural part of the province. It is supposed to be the most prosperous. Morris is situated half way between Winnipeg and the United States boundary and just about half way between the Ontario and Saskatchewan boundaries. It is in the centre of the province and of the Red river valley. The normal annual precipitation at Morris is 17·9 inches, whereas the normal precipitation at Lethbridge, which is in a drought area, is 15.01 inches. The normal precipitation at Indian Head, which is also in a drought area, is 17.4 inches, which is just 0·5 inches under that at Morris. Consequently there are many crop failures in districts outside the supposed drought area. Farming is a precarious and costly enterprise.

The trust, loan and mortgage companies failed to understand this in the thirties and they paid heavily. They had based their agreements for loans principally upon eastern conditions. During the boom period they went out and lent money to the farmers quite freely and, when the depression came, they got panicky and began to fear they would not get their money. They then dashed out to try to collect all the money they could from the farmers, and in many instances they removed the very means of producing revenue which could have been used to pay them. The result was that in many cases they failed to collect and, what was worse, they left behind feelings of distrust and even hate. They failed to realize that it was to their advantage to enable the farmers to produce rather than to drive them off their farms by their efforts to collect too much, too quickly. They ruined the picture. As we know, our friends of the C.C.F., particularly in Saskatchewan, capitalized on that point with considerable success. That experience is full of significance for all concerned.

The farmer in western Canada either takes a heavy loss or makes a large profit. The chances are that he will get one crop out of three. When he gets a good crop he makes a pretty good profit, and all in all it balances from one year to the other. I realize that the enactment last year of the three-year plan will help the situation tremendously and I must again express our gratitude to the Minister of Justice who was responsible for that measure. However we have two more years to go before the plan comes into operation. Times are good now and some temporary relief in the meantime would be more than welcome.

On account of the heavy operating costs and capital outlays the farmers of western Canada went heavily into debt during the thirties, but I am happy to point out that the trend in that respect has been most encouraging to date. I

should like to read from the annual report of the Dominion Mortgage and Investment Association as follows:

Mortgage and agreement for sale debts of farmers in the three prairie provinces declined 21 per cent in 1946.

This estimate is based on the experience of thirty life insurance, trust and loan companies which have a substantial investment in farm mortgages and agreements for sale in the prairie provinces.

They then show the total amount owing to the thirty life insurance, trust and loan companies on farm mortgages and agreements for sale, and those amounts for Manitoba were as follows:

1937	$29,560,000
1943	18,478,000
1944	13,041,000
1945	9,722,000
1946	7,479,000

The statement continues:

In percentage reduction in the total amount owing Manitoba farmers were in the lead in 1946, the decline in that province being 23 per cent. Alberta was a close second with a reduction of 22 per cent and Saskatchewan was third with a reduction of 20 per cent. As already indicated, the reduction for the three prairie provinces combined was 21 per cent.

As will be seen from the table above, the decline in farm mortgage debts in 1946 was a continuance of a trend which has been evident for some years. The reduction which has occurred since the end of 1937 is remarkable. It is doubtful if any other group in Canada has been as successful in reducing their liabilities during the past nine years as have the farmers of the prairie provinces. As the above table shows, the amount owing on mortgages and agreements for sale by farmers in the prairie provinces is now less than a third of what it was at the end of 1937, the percentage reduction being 69 per cent. In Manitoba, the decrease since the end of 1937 is 75 per cent; in Saskatchewan 66 per cent; and in Alberta 73 per cent.

Then they show the total number of farm mortgages and agreements for sale in Manitoba held by these companies, as follows:

1937	8,364
1943	6,141
1944	4,778
1945	3,925
1946	3,184

At the end of 1946 there were 4,694 fewer farmers in debt to these 30 companies than at the end of 1945. As compared with the end of 1937, the reduction in the number of farmers in debt to these 30 companies is 32,365, or more than 59 per cent.

To my mind, it is of great importance to the consolidation of the provinces and to the dominion that these debts should be paid off as rapidly as possible. A clause in the income tax act to encourage this trend still further, and I submit it with all deference to the present Minister of Finance, would go a long way.

I could go on and make more specific recommendations, such as the setting up of a board of arbitration, and herds being recognized as capital assets, but I know we shall have opportunities to do that at a later date. I know the minister is fully aware of those recommendations and, on the last point, the only reason it was not brought in last year was technical difficulties.

I wish to refer to dominion-provincial relations. My purpose in doing so at this stage is twofold. First, everyone recognizes the importance of the problem because so much of the most important legislation of the federal government depends upon agreement with the provinces and we have seen so many provincial budgets pending agreement with the federal government.

Another reason I bring it up at this time is that I believe more interest in this great problem should be awakened among individual citizens. This is not the problem of the premiers of the provinces; it is not the problem of the ministers of the cabinet or of members of parliament as a whole. It is the problem of every man and woman in Canada. Every organization, all governments, municipalities, school boards, civic clubs, yes, and young people's clubs should understand the full significance of the problem. It was brought to the fore in 1940 when the Rowell-Sirois report was published. It is unfortunate indeed that it came out at the time that it did, because it did not get the publicity it should have received and it was robbed of its publicity by the rapid advance of the German army in Europe.

Furthermore, the fact that it came out just at the beginning of the war made it appear as a report to meet wartime conditions when it is really a peacetime report. It is good to remember that this report was started in 1937 and that the work was completed before the war started, although the report was not presented until 1940, in the first year of the war. This report was not just another report. Usually royal commissions are instituted to look into one phase and one phase only of a particular subject and are necessarily restricted to that one phase. But the Rowell-Sirois commission had the widest possible powers and latitude; there were no restrictions whatever and they went into every phase of our economy, travelled thousands of miles and came back with, I suppose, thousands of pages of evidence, with the result that the twenty-nine appendices to the report constitute our greatest historical document. It contains a complete statistical picture of the evolution of this country from confederation to the second great war.

When the commission was set up we knew there was something wrong but did not know what or where. We did not know what the problem was and where the trouble lay, but we knew there was a real problem before this country. The commission gave us the facts and figures. We now know where the wheels grind and which one should be replaced for greater efficiency. The commission also made a number of recommendations which, in their opinion, would meet the problem. The federal government took the lead in implementing those recommendations. It tried again and again to bring about some settlement with the provinces. It took such an active lead in the matter that the rumour has gone out in certain quarters that the federal government is in desperate need of provincial sources of revenue to meet the cost of its wartime expenditure. Nothing could be farther from the truth. The tax concessions which the federal government is asking for are certainly not favours to the federal government. It is merely to consolidate the position of many of the provinces and to give them a full measure of stability. The constitution gives the federal government full access to both fields of taxation, direct and indirect, but the government realizes that nine weak provinces or seven or six or four cannot constitute a strong country. And now is the time to consolidate the position.

In spite of all the difficulties, the government has succeeded in signing fiscal agreements with six, perhaps now I should say seven provinces. The federal government should be warmly congratulated upon having made a good start but it is but a start and the federal government needs the full and unqualified support of every man and woman of this country to extend to all citizens the benefits which a complete agreement with the nine provinces could give them.

To get the full significance of the problem, we should go back briefly to the original proposals of the commission.

Let us remember also that when the commission began its work the main problem it had to face was the financial position of many of the provinces. Some were so much in debt that they were on the verge of bankruptcy; others could not see the day when they would ever get out of debt. The heavy burden that had driven them to this desperate position was the colossal relief expenditures. Some of the provinces were in such a bad position that they did not have a twenty-five cent piece to give to the schoolteacher. It is to the credit of this devoted profession that they gave their services on credit and for a mere pittance. Otherwise a great many children would have gone without any schooling at all. Such was the state of some of the provinces when the commission set out to find out the big question. Why?

We are in the midst of a relative prosperity now and human nature easily forgets. That was only in 1937. How can we assume that conditions will be different in the future if nothing is done about the matter? Fortunately, something has been done and a good step has been taken.

As I said, the main problem before the commission was the precarious financial position of the provinces. The solution of the commission was the following, and it was very simple, or comparatively simple in theory:

1. The dominion assumes entire provincial debt, not municipal.

2. To prevent the recurrence of such a debt, the dominion assumes entire responsibility for unemployment relief for employables.

3. To be able to meet that burden, the dominion discontinues the payment of subsidies, and gets the exclusive field of income, inheritance and corporation taxes.

4. To ensure a minimum standard of educational and social services, the federal government would pay the provinces an annual adjustment grant according to need.

It sounds very simple, but the great difficulty is that it requires a change in the constitution. The dominion saw there an obstacle that could not be surmounted. It therefore rolled up its sleeves and got down to work to try to find a way of accomplishing the same thing but within its constitutional rights and without diminishing by one iota the autonomy of the province.

The results were the federal proposals to the provinces, as we know those proposals. These are necessarily much more involved and complicated, because they are made to conform to the constitution and to respect scrupulously the autonomy of each province. In spite of all that, the federal government has since been accused of conspiring to wreck the constitution and of undermining the autonomy of the provinces. It is to prevent such accusations that the federal government took so much pains and put in so much effort to evolve the present proposals.

These proposals sounded so complicated and involved that very few people actually bothered to find out what they were and how they solved the problem of 1937—indebtedness of the provinces, threatening unemployment, and let me add here that even the big provinces in this dominion could take heed on this score, ensuring the distribution of a

minimum of education and social services throughout the nine provinces. To these must be added the problem of keeping a steady and progressive development, not of one section or two of the country, but of every part of our great country.

To make the present proposals more readily understandable and to show in a practical way what has been accomplished and how the problem has been partly met by the temporary proposals now in force, I am going to show how they apply to my own province, Manitoba.

The province has withdrawn from the income and inheritance tax field and has agreed to limit its corporation tax to five per cent. In return, to stabilize the financial position of the province, the federal government pays to the province an annual per capita payment of $12.75, based on Manitoba's population in 1942. To this is added the escalator clause, which provides for an increase proportionately to the increase in population; then, no matter what happens in population, the minimum remains. The full statutory subsidies remain, as in the past, and the federal government also returns to the province fifty per cent of the amount of the province's income and corporation tax collection in the year ending April, 1941. This ensures the province of a guaranteed irreducible payment of $13,500,000 a year. This is far more than it ever got from the taxation field that it has agreed to vacate. This is how the province's revenue has been stabilized.

On the other hand, the problem of the heavy relief debt left on the shoulders of the province by the thirties was dealt with as follows. The federal government cancels half of the province's relief debt, this amount being roughly $5,500,000, and the other half of the debt is to be repaid by the province to Canada in thirty equal annual principal payments without interest. The other debt owing by the province to Canada for advances for its provincial share of relief works, to the amount of approximately $14 million, is to be amortized over a period of thirty years, with interest at $2\frac{5}{8}$ per cent per annum.

This places the province in a much sounder financial position and, as such, improves considerably the credit of the province.

For greater uniformity, the province has agreed to change its fiscal year, the idea being to have all the provinces end their fiscal year on March 31, in other words, at the same time as the federal government.

Thus, we, the taxpayers of that province, have been spared the annoyance and costly intricacies of a double taxation scheme, and the dominion guarantees revenues sufficient for the province to discharge its primary functions, better than before and with full confidence. To those who doubt the practical effect of the agreement, I wish to quote a paragraph taken from the budget speech of the premier of Manitoba, delivered on March 27 of this year:

> In lieu of taxes which, being based upon the ability to pay, are widely variable, we shall have a stable minimum revenue which will enable us to spend more freely, yet without imprudence, revenues which we receive from other sources. It is in consequence of this fact that the expenditures which we shall propose for the year ending March 31, 1948, will be increased by more than the increase in our revenues, which we enjoy under the dominion provincial agreement itself. Moreover, this stability has already resulted in a further improvement of our credit manifested by the favourable sale of $4,820,000 provincial bond, issued by public competition in November last, after it was known that we were reaching an agreement with the dominion government. The over-all cost to the province of this issue was 2·6 per cent, lowest cost in Manitoba's history, for a public competitive bond issue of this character.

It will be seen from that, Mr. Speaker, that this temporary agreement has at least accomplished that much, in that it has relieved the province of a heavy debt burden, that it has improved the credit of the province, and that it has ensured the province of an annual minimum revenue. This, to my mind, is most important, because the province, to speak of one at the moment, has definite yearly obligations that must be met and cannot wait. Whether there is a crop or not, the children must go to school, and the province must see that they have at least a teacher to teach them the three "R's" and a minimum of facilities. The same thing goes with the development of the resources of the province, and so on.

Furthermore, the province must see to it that the health of its people gets a minimum of protection. Epidemics do not wait for increased revenues. I am now speaking of bare minimum but, of course, this should not be the objective. When the production of the province increases, the federal grant increases. On top of that. the government has already taken the jurisdiction over unemployment insurance and has already instituted a national employment service. I mention it now because it was part of the original proposal of the commission.

This is what has been done. There still remains considerable to be done. The problem of preventing the recurrence of the provincial relief debt burden has not been solved. Now that we have cured the sore, it is, to my mind, most important that we should take preventive measures against its recurrence. This is just as important, if not more important.

The federal government has made an offer in that respect which awaits the general ratification of all nine provinces.

As I said previously, the federal government has instituted unemployment insurance and a national employment service. Further to that, should all provinces join in, it is ready to pay eighty-five per cent of the cost of unemployment insurance benefits to persons able and willing to work, who are not entitled or who have ceased to be entitled to unemployment insurance benefits; in other words, to put it bluntly, to pay eighty-five per cent of the cost of direct relief. Here again, the best way to deal with it is to plan the economy of the country in such a way that there will be a minimum of unemployment.

This is where the government's development and public investment programme comes into the picture. It is extremely important, to my mind, that the public works programme in the country should be gauged from a central focal point, and this can be done properly only by the federal government. This is the reason why the federal government has offered the provinces planning grants, public investment projects, has agreed to extend grants, public investment projects, has agreed to extend its national resources and development programme and research programme, and has proposed to give assistance to projects such as roads to open new areas, roads of national importance, and roads for the promotion of tourist traffic. I suppose every one of us knows of more than one instance where this suggestion would be of tremendous assistance to the people. I for one, in my own constituency, have a large area which could be described as the entire southeast section of Manitoba, which is in extreme need of drainage. I admit there are great difficulties. The cost of doing a good job of draining the entire section of the province has been estimated at as high as one million dollars.

It goes without saying that the province has not been in a financial position in the past to spend that much money. It has tackled the problem and has given local drainage here and there. I believe the work started and contemplated over a period of years adds up to practically a quarter of a million dollars. Eventually I suppose the province will complete the job, but it will be far more costly done by bits and pieces and it will take many years.

If assistance could be given to the provincial government for the drainage of that area, the work could be completed in a few years. It would mean that the entire area would be a productive area in a few years and, instead of being a source of expense to the province, would be a source of revenue for both the provincial and the federal governments.

In the same district, a move has been on for over twenty years to get the tourist highway project, known as the Piney highway, which would be a source of great tourist revenue to the province and to Canada. It has been recognized by authorities and a great many people as a scenic highway, and our friends to the south have repeatedly, year in and year out, made representations to Canadians to have this road built so that they may be able to come to Canada. It goes through an area extremely rich in wild life, big and small game. It is full of possibilities. It has been started by the province, but the province has made but a start. This is a perfect example of what could be done. If the federal government could give some assistance, I am sure this project could be successfully concluded in a very short time. I am positive that the revenue from it would be far in excess of the investment made. The more we delay developments of this kind, the more we delay the full expansion of the country.

In addition to these benefits, under an agreement with all the provinces the dominion would continue, of course, to pay family allowances. It would, further, pay an old age pension to all those seventy years of age at the rate of $30 without the means test and would assume the total payments and administration of the pension. On top of that, it would contribute fifty per cent of the cost of pension to those from sixty-five to sixty-nine years of age, at the rate of $30 a month, including administration. It would contribute sixty per cent of the cost of any specific item in a provincial health insurance scheme. It would provide additional grants in relation to general public health for preventive medicine. It would contribute fifty per cent of the cost to lower the age from forty to twenty-one years for blind persons, increase the maximum allowance to $30 and provide for treatment. Finally, it agreed also to give loans at cost for the building of hospitals in the provinces. These are the suggestions made to the provinces should the other provinces join in.

Mr. Speaker, there it is in black and white, how the federal government has already partly met the problem of 1937 and how it suggests it can be met fully. It asks little from the provinces. It promises stability to the provincial governments, and, above all, it promises a great deal to the people of the provinces. Not one of the provinces has been able to give to its own people the health and social services

that the federal government is ready to give the people with their cooperation. Not even the rich provinces, or the wheel horses as they liked to call themselves at the last conference, have been able to do that, and it will be a long time before they are in a position to do so.

Ever since the proposals of the federal government were made known, one member after another in the opposition has been demanding this or that benefit, as if they were the originators of the idea. And better than that, we have seen members of the official opposition demanding development programmes copied word for word from the proposals, and yet never missing an opportunity to undermine the chances of a dominion-provincial agreement.

If they have no confidence in the government, why do they want to place the whole responsibility of old age pensions on the federal government? And why do they ask for such-and-such development programmes? I submit that everyone should start at the beginning, and lend a hand to lay a firm dominion-provincial foundation. I am sure that every individual member, particularly members of the opposition could be of great assistance in bringing about a successful conclusion to the signing of those agreements. As I look across the floor, I cannot help but think of the leader of the opposition (Mr. Bracken). When this question came to the fore I was a student and the leader of the opposition was my premier. He was a champion of that question in those days. I hope that he will gather up enough of that old western spirit to get in there and pitch, and help solve that problem once and for all.

Mr. ALAN COCKERAM (York South): In presenting the budget, as reported at page 2546 of *Hansard,* the minister has this to say:

> I need hardly say that hon. members will find that report worthy of careful study.

The minister was referring to the foreign exchange control board report for 1946, and it is my opinion that both the minister and Mr. Graham Towers, governor of the Bank of Canada, went out of their way to overemphasize the temporary favourable exchange situation. The report of the foreign exchange control board for 1946 shows that there was an unfavourable balance of $603 million with the United States; that Canadian expenditures in the United States amounted to $2,178 million and that United States expenditures in Canada amounted to $1,575 million. To meet this deficit, reserves of gold and United States dollars were reduced by $263 million, and the remainder of the deficit, namely $237 million in gold and convertible exchange, was received from countries other than the United States; and $103 million represented an inflow of capital, and exchange adjustments.

In connection with that $103 million, I should like to read from an article which appeared in last night's *Evening Telegram* regarding the exchange situation between Canada and the United States:

> The reason for this selling of Canadian stocks is said to be that there is something of a "scare" as to the position of the Canadian free dollar. While the yield on Canadian stocks is satisfactory, American investors, it is said, are unwilling to gamble on the future of the Canadian free dollar.
>
> In the case of Montreal Power, which had a good number of American shareholders, local financial houses felt that there was a good basis for switching into other Canadian stocks. But the uncertainty as to the free dollar, and the various rules and difficulties surrounding international dealings, set up a hedge that American interests are unwilling to jump.
>
> American holders, it is stated, accepted the $25 offered by Quebec Hydro for Montreal Power shares, and took their money back into the States, taking a loss of around eight per cent on the "free dollar" market.

The analysis which is in the report is, in my opinion, entirely misleading because it represents the end of the year periods in 1945 and 1946 and does not truly represent the situation which was brought about by the parity announcement which the then Minister of Finance (Mr. Ilsley) made on July 5 last. In my opinion, the minister should have given two statements, one dealing with the exchange situation from January 1, 1946, to July 4, 1946, and one dealing with the situation from July 5 until the end of the year. Then I think a further statement should have been presented to the house bringing the situation up to date to March 31, 1947.

The governor of the Bank of Canada, Mr. Graham Towers, has stated on a number of occasions since the first of the year that our deficit with the United States on account of commodity trade has rapidly increased during recent months. The minister suggested that members of this house should study this foreign exchange control board report, and I have tried to do so. It is my opinion that whoever was responsible for the preparation of the report did a first-class job of publishing a statement designed to conceal the facts. A calculation based on figures which were published in July, 1946, the date on which the devaluation of the Canadian dollar took place, showed the Canadian reserve of gold and United States dollars to be in the neighbourhood of $1,636 million, United States. It

would appear that our loss in United States dollars and gold reserves from that date to the end of the year was $392 million for a six-month period, not $263 million for the twelve-month period, as was stated by the minister and as shown in the report. This annual rate is almost three times that indicated in the report by the minister and represents a loss in exchange at the rate of $750 million a year. If the minister had given us the true picture as it has been developing since July 5, 1946, he would have revealed not only quite a different situation as far as declining gold reserves and United States funds are concerned, but also that our deficit on commodity trading account with the United States has been steadily growing, especially in recent months.

Commodity trade and gold are the basic items in our United States dollar situation. In 1946 some $430,000,000 of our $603,000,000 deficit with the United States arose from commodity trade, and this deficit has been accumulating at a rapidly increasing rate. If we take the four quarters of the year 1946, those deficits were $93,000,000, $120,000,000, $126,000,000 and $158,000,000, while in the last quarter of 1945 our total loss in United States reserves was approximately $10,000,000, and the average for the years 1935 to 1939, prior to the war was $90,000,000 per annum.

Our accounts with the world are set out in one schedule, our accounts with the United States in another, but our position with the United Kingdom is studiously avoided in the report. Why were these figures not given in such a manner as to reveal the whole truth? In 1946 we exported to Britain $597,000,500 worth of goods. In the same year we imported from Britain $201,400,000 worth of goods. All we could take from Britain, or all that Britain could supply us, was less than $201,500,000. We therefore took from Britain gold to the extent of seventy-five per cent of all that we would take from her in goods, namely, $150,000,000. This resulted in Britain going out and buying, with the very scarce dollars she had, gold to turn over to us, which eased our exchange position with the United States last year. Britain has taken up half of the billion and one-quarter loan that we made, but while we are making the pretence of helping her through a loan authorized by this parliament, we are forcing her to go out in the market and use her scarce and precious dollars to buy gold to turn over to us. In effect, what we did last year was to exchange part of the proceeds of our loan to Britain for British gold.

In Canada we are making our gold miners produce with one hand tied behind their backs. By arbitrary revaluation we put our gold producers at a disadvantage, so that our net exports of gold are about half what they normally should be; instead of allowing and encouraging our own gold mining industry to produce the gold we exacted it from Britain. Surely the minister is not going to lead the country to believe that we could do this year after year. The $87,000,000 realized through UNRRA will not be realized again and, in February, 1947, we turned over $74,000,000 in gold to the international monetary fund.

If the minister had told us the whole truth, and explained the situation as it actually is, he would have said that we have about a year to go, as events have been developing up to date. Our expenditures are higher in the United States by many millions and our receipts are very much lower. The minister has resorted to a specious argument to indicate that the dollar revaluation of July 5 last really makes no difference. It makes $3.50 an ounce difference in Canadian dollars to our gold mining producers, and, if continued, may put many Canadian marginal producing mines out of business. It makes it more difficult for our exporters to sell to the United States, and easier for the United States to sell to us. Normally, such might be desirable, but why this government wanted to accentuate a difficult United States dollar situation is beyond my understanding.

In my opinion, the officials of the Bank of Canada, together with the officials of the Department of Finance and the present Minister of Finance, thought that Canada was equally as powerful as the United States treasury and the federal reserve system of banking in the United States, with the result that they created a situation in this country whereby our economy is virtually placed under the control of a nation twenty times as wealthy as we are. Knowing the damage they have done, they are like men sitting in a poker game which has got beyond their limits, watching their stakes being constantly whittled away, without having the courage to quit and admit the game is too steep for them, thus protecting their remaining cash.

Mr. ABBOTT: The Toronto stock exchange.

Mr. COCKERAM: Not protecting the Toronto stock exchange, but protecting the investor and workman in this country. In other words, they will not admit they were wrong in the first place, and they are now afraid of losing face. This poker game to date, as far as public knowledge goes, has cost the Canadian taxpayer $163,663,700, which sum was charged against the reserves

of the foreign exchange control board. The minister did it to maintain a price ceiling policy which he is not maintaining anyway, and now, like Micawber, he is waiting for something to turn up. If they have a serious recession in the United States, then the minister can say, "I was counting on something happening there."

The significant thing is not that the official reserves of gold and exchange are only $263,000,000 lower than on January 1, 1946. The significant thing is that in this twelve-month period we parted with $500,000,000 of gold and exchange we otherwise would have had, and we borrowed the $103,000,000 balance of the $603,000,000 of deficit in our payments position with the United States.

Let us have this clear. The $103,000,000 inflow of capital means that the people of Canada as a whole borrowed that amount from the people of the United States. If an American buys a Canadian bond he has lent us the money and taken a mortgage against Canada in return. The $500,000,000 in gold and United States exchange that went to pay for part of this colossal 1946 deficit was made up of $263,000,000 from our reserves, $150,000,000 of gold which Britain turned over to us and $87,000,000 derived from UNRRA and from trade with South America. That is, we took $263,000,000 out of one bank account, $150,000,000 out of a second bank account and $87,000,000 out of a third bank account. The foreign exchange control board report tends to focus the spotlight on the first bank account only, namely the figures which were presented and which showed the $263,000,000, and keeps the other two in the shadows. If the $150 million in gold, which Great Britain found it hard put to part with from her own meagre store, were a recurring annual item, there might be an excuse for putting it aside in the main calculation. But it is not so. Neither is the amount from UNRRA. And as far as money from Great Britain is concerned, I think there was a news item the other day which stated that in the first three months of the year their exports had declined by something like £200 million. With that in mind I would think the chances of Canada obtaining gold from British sources this year would be very slim.

Authors of the board's report tried to soften the blow. But they know the situation is a critical one. While the figures are treated in a fashion to becloud its full extent, the chairman, Mr. Towers, was driven by hard facts to say in his report:

It is clear that in the long run we shall have either to reduce our deficit with the United States by selling more to, or spending less in, that country or to increase our United States dollar income from other countries.

It is worth noting that Sweden, a country whose economy is frequently held up as something to imitate, a country which came through the war unscathed, finds itself in the same sort of situation we are rapidly approaching. Note well that Sweden recently had to impose an embargo on all imports from the dollar area, which covered all items but a few which Sweden's northern climate cannot produce, such as textiles, and so on.

They are pursuing entirely conflicting and contradictory policies. How did we come by that $87 million United States windfall from UNRRA? It is because our produce sent to UNRRA collected United States dollars in going through the United States. But the Minister of Agriculture (Mr. Gardiner) has decided that our farmers must not be allowed to sell their products to the United States. The difference between Canadian and United States prices was mentioned the other day by the hon. member for Dufferin-Simcoe (Mr. Rowe). If our farmers, and our raw materials producers generally, were allowed to sell at world market prices our exchange situation would be cleared up overnight. As the government is acting now, the exchange situation cannot be cleared up except through some difficulty arising in the United States, which in other ways will reflect on us, to our disadvantage, because if they suffer a recession in business it will have unfavourable consequences for us.

Several aspects of the budget now before the house have been brought forward since this debate commenced a week ago. The other day, speaking in this debate, the hon. member for Dufferin-Simcoe mentioned that the total expenditures of government estimated for the present fiscal year, totalling $2,100,000,000, are increased 379·7 per cent over the total expenditures in 1938, which totalled $553,063,000. The hon. member for Dufferin-Simcoe also pointed out a more significant fact. He drew the attention of the house to the fact that, while the estimated national income for this year had increased to $12,000,000,000, as against $5,100,000,000 in 1938, the percentage of that national income required to cover the cost of our federal government had increased from 8·5 per cent in 1938 to 20·49 per cent in 1947. In other words, today one-fifth of the national income is now siphoned off to cover the cost of government in the federal field only, to say nothing of what Canadians, as individuals,

and business in Canada, must pay in the way of provincial and municipal taxes. That, Mr. Speaker, indicates a serious situation arising in our national economy.

I, for one, believe that some economies could be exercised and help materially to reduce the cost of our federal government in Canada, but I do not believe that, through this medium alone, can that situation, by which one-fifth of the national income is required to finance the federal government of this nation, be changed. When we realize that a half billion dollars is required annually to finance the debt of this country, and another half-billion dollars is required for what is considered essential ordinary expenditures; when we realize that the defence of this nation entails an additional cost of a quarter billion dollars, we have some conception of why 12,000,000 Canadians today find themselves confronted by the federal government with an annual budget in the neighbourhood of $2 billion. We have essential expenditures also for social services, such as family allowances, which today total one-quarter billion dollars, and old age pensions, the cost of which will increase as our legislation is broadened and extended to meet present-day needs.

While I do not disregard the fact that economies can and should be exercised in the expenditures by the various departments of government, I do not believe that the effect of these economies, no matter how rigid they may be, would be sufficient to meet the present situation.

I, for one, am prepared to recognize that the billion dollar budgets that we have acquired during the war are something that will remain with us in the future. Believing that, and recognizing that economy alone will not meet the problem of better fitting this nation to carry such a load, I suggest to this house that we must make another approach that will better enable the people of Canada to meet the costs of government which, as I have pointed out, have shown such a tremendous increase during the past nine years.

In my opinion, when a nation turns to stabilize its economy after a terrible conflict such as we have just passed through, there is no better place it can turn to lick its wounds than by developing the natural resources of the country.

If we are to maintain the high standard of living, high cost of government, high percentage of employment, then we must direct our efforts into avenues that will create new wealth. The department of this government that is chiefly charged with that responsibility is the Department of Mines and Resources. I find, on reviewing the record, that the total expenditures of the Department of Mines and Resources for 1938, excluding the immigration and Indian affairs branch, total $11,368,472, or 2·05 per cent of the total expenditures in that year.

In the estimates now before this house, the expenditures of the Department of Mines and Resources, excluding the immigration and Indian affairs branch, are estimated at $14,301,303, or ·68 per cent of the total expenditures for the year. In other words, at a time when this nation should be directing its efforts toward the development of its natural resources, toward the creation of new wealth, toward efforts that will give gainful employment, we reduce the percentage of 2·05 per cent of the total expenditures made in the last pre-war year, to ·68 per cent for this year.

In my opinion, the efforts made in the direction which I have advocated were little enough in 1938, but today I believe the country will agree that they are pathetic.

When I realize that one of the greatest responsibilities of any government in Canada is the maintenance of a high national income in order to maintain employment, maintain our standard of living, maintain and increase our standard of social services, I believe the effort of this government to encourage and assist the development of the natural resources with which we are endowed is nothing short of pathetic.

The other day Prime Minister Attlee of Great Britain, in his speech in the British House of Commons, stated:

> Dangers to world civilization from another world war are greater today than they were between wars.

If that statement is true, as I believe it to be, then as a nation we should be extending every effort to develop our natural resources.

As one example of this, I would cite the case of gold. I believe that this nation should make every effort now to encourage gold mining in this country. I suggest this not alone because of the gainful employment it will create, nor because of the new wealth it will produce and the assistance that it will be to us at the present time in our foreign exchange position, but I believe all-out encouragement is necessary now as a move toward the future security and defence of this nation. It is a well known fact that during the last war the allies were able to purchase essential war materials from Spain and Portugal, and other necessary materials from South America and Turkey, because we had gold to make in payment for the same.

Further, I do not believe, nor do I advocate, that we today should build aeroplanes,

guns, battleships, et cetera, on a big scale for our security in the future, because I recognize that these would likely be obsolete if and when they would be needed. I believe, however, that we should, for our own security, make every effort to develop the gold resources of this nation, in order that we may have the economic strength to defend ourselves should a great conflict overtake us, and into which we would be drawn because of our geographical position.

I would point out that that great nation to the north of us, Russia, is sparing no effort to seek out and utilize the latent mineral resources of that country. Compare that effort with that of Canada, where in this year, 1947 this government proposes to spend 0·68 per cent of its expenditures toward the encouragement of developing and utilizing our natural resources.

I further believe that an aggressive policy of encouragement to the development of our natural resources would lighten the burden of every taxpayer, because it would create new wealth, create gainful employment, bolster our exports and place this nation in a far more substantial and healthy position to carry out the present-day costs of government.

If some action of this kind were undertaken by this government it would do more than any other single action we could take to meet the serious situation which has arisen whereby one-fifth of the national income is now siphoned off to meet the costs of federal government alone. I would further point out that, unless this situation is met, and a serious effort is made immediately to do so, our position will become progressively worse in Canada.

In the past, great mines which have created millions of dollars in new wealth, great pulp and paper companies which today are bringing millions of dollars annually in United States funds, were undertaken by the investment of private capital. Today, if we are to continue to siphon off one-fifth of the national income to cover the costs of federal government alone, to say nothing of the percentage of the national income which is required to maintain provincial and municipal governments, very little will be left for investment that will develop our natural resources. For this reason, I believe it is essential that the seriousness of the situation be recognized and action be taken by this government immediately to place our economy on a more stable and more productive basis than is indicated in the budget now before this house.

Mr. H. G. ARCHIBALD (Skeena): Mr. Speaker, we are discussing the budget tonight. Budgets may come and budgets may go, but seemingly the cost of living goes on forever. When goods are scarce and prices go up they always rise ahead of wages. When prices begin to fall it means unemployment. Therefore this budget might be balanced at this time, but tomorrow it might be absolutely meaningless in the case of a depression, or a recession, which is the more fashionable word at the present time.

This evening I should like to air some of the problems that face our citizens in the northern part of my riding of Skeena and in the Yukon Territory. Representations have been made from time to time by such bodies as the Atlin board of trade and the British Columbia-Yukon chamber of mines over the excessive costs of freight and passenger service into those areas. The Atlin district of British Columbia and the Yukon Territory are well known because of their history of gold mining. They came into prominence during the war because of their key geographic position at a time when there was danger of invasion by the Japanese. That part of the country has contributed in the past and is still contributing to the prosperity of Canada. It is certainly true that by far a greater proportion of wealth has been taken out of there than has been put in over a period of time, and this more so than in any other portion of the country.

There is still great unexploited wealth in that area, as is pointed out in a bulletin issued by the Department of Mines and Resources entitled, "The Yukon Territory" which was printed in 1944. On page 17 it states:

> To date, production of minerals in the Yukon has come from a few rich deposits. No area has been thoroughly prospected and little drilling has been done, except for placers. Prospecting has been handicapped by the remoteness of the territory and the severity of the winter climate, but much of the geology of areas that have so far received little active attention is favourable for the occurrence of minerals. This factor, together with the variety and widespread distribution of the lode and placer prospects suggest possibilities for expansion in mineral development.

Perhaps the greatest drawback to the development of that area is the complete dependence upon air transportation. At the present time that territory must be developed with modern industrial equipment such as large dredges which cannot be transported by old-fashioned ground equipment or by air. This is recognized by the provincial government of British Columbia, which at the present time, as I understand it, is willing to build its section of the road from Atlin to the Yukon border if the federal government will build their section from the Yukon border to the Alaska highway. That section of road would be only twenty-seven miles in length. I know that the Depart-

ment of Mines and Resources has this under consideration and I sincerely hope that it can see its way clear to start that work this year.

The British Columbia-Yukon chamber of mines has, since 1945, carried on a struggle to have the freight rates and passenger rates of the Canadian Pacific Air Lines Limited lowered to those prevailing on the main line. To any government interested in such key points as our northern territories, especially those of northern British Columbia and the Yukon, it should be apparent that aid should be given to the people of those territories in their struggle to live in and develop the territories. The cost of living for people in those areas is such that it makes it difficult for them to operate and continue to live in that part of the country. I should like to give details of the cost of some of the things they buy, and these prices are as late as January 8 of this year:

Bread	25 cents a loaf
Milk	25 cents a quart
Eggs	90 cents a dozen
Potatoes	10 cents a pound
Oranges	$1.80 cents a dozen
Gasoline	80 cents a gallon
Wood	$25.00 a cord

Electricity 25 cents a kilowatt hour, plus eight per cent federal tax on the amount.

I understand that the rates for electricity in the more heavily settled portions of the country range from two to four cents per kilowatt hour, while these people have to pay twenty-five cents. The returns paid to industry and the worker are not a great deal higher than would be paid to workers and industry in more accessible parts. Some governments are showing an interest in northern development and are seeing to it that special considerations are given to their people in such areas. It behooves our government to do likewise if they wish people to settle in our northern territories.

Perhaps the greatest barrier to the development of the Atlin and Yukon territories is the complete monopoly in transportation and, unless this monopoly is recognized and dealt with, it will in the final analysis have a detrimental effect upon the development of the territory. For example, with transportation as it is at present, Atlin may well be regarded as being completely isolated. During the period from June 1 to October 15, the district is serviced by lake transportation. This service is given by the White Pass and Yukon Railways, which have a franchise on the lakes. Therefore, having their high freight rates and service protected by lack of competition, they have for the past ten years not given any passenger service on Atlin lake, thus leaving all such travel to the one and only air line serving the district, namely, Northern Airways. The capacity of the White Pass and Yukon railway equipment is limited and inefficient, making the transportation of big machinery out of the question, and the handling of tonnage too small to interest large mining operations. During the remainder of the year, the only method of obtaining freight is by air, unless the ice is suitable for travel; then freight is brought in by tractors and, if very good, by trucks. This mode of travel is not always safe, because there have been several cases of equipment going through the ice.

To bring freight in by air costs five cents a pound air freight and eight cents air express. This is brought in from Carcross, Yukon Territory, to Atlin, British Columbia, a distance of seventy-five miles, or approximately forty-five minutes flying time. The service is very poor, because they make trips with freight at their convenience, when they have a full load. The passenger service is the biggest headache. Rarely does the plane have even a single seat, because the majority of the passengers are crowded in with the freight and mail. The present year-round rate for passenger fare is $23 one way, or a little over thirty-two cents a mile, compared with 6·86 cents a mile from Whitehorse to Vancouver. It may be argued that this high price is necessary owing to the shortage of pay-loads regularly, but only twenty-seven miles of road have to be built by the federal government in order to alleviate the condition. The competition of road service would no doubt bring down the cost of air transportation and at the same time would facilitate the expansion industrially of that area. Surely a government which believes in competition would aid in bringing about that happy state rather than leave it in the present condition.

The British Columbia-Yukon chamber of mines has been fighting the high costs of passenger and freight charged by Canadian Pacific Air Lines between Whitehorse, Mayo and Dawson city. Their original complaint with respect to the service of the Canadian Pacific Air Lines and discrimination in tolls charged was dated June 15, 1945. They have carried on voluminous correspondence with Canadian Pacific Air Lines and the air transport board over this matter since that time. During this long struggle, they have seen an improvement in the type of equipment come into effect, equipment that should be able to operate more cheaply than the original equipment could. However, a decision of the air

transport board, arrived at on February 15, 1947, states that the board is unable to discover that any discrimination against these centres exists; and that, in spite of the fact that more modern equipment is now flying over that area, which should lower the costs considerably. It is also a fact that a greater amount of activity is apparent in that territory than existed during the war. Therefore pay loads will be on the increase.

It can be argued successfully that one company, on being given a monopoly, should be able to operate at more reasonable rates than if competing lines were servicing the area, and seemingly this argument is recognized inasmuch as Canadian Pacific Air Lines have the sole right to operate passenger and freight service through this area. However, when a company is forced to make a profit by the nature of the system we live under, I believe it should become apparent to the government that help should be given to outlying areas, such as Dawson city, in order to cut down their costs. This can be accomplished through paying a subsidy to the company operating the mode of transportation or by a more rigorous perusal of their accounts than seems to be the case. That discrimination exists in this area is exemplified by a night letter which was sent by Mr. H. W. Firth, secretary manager, British Columbia-Yukon chamber of mines, from Dawson city to Mr. C. S. Booth, secretary of the air transport board, room 123, No. 3 Temporary building, Ottawa, Ontario, on February 24, 1947, reading as follows:

Your letter February 1 received. We note fare Whitehorse to Edmonton now seventy-five dollars. Whitehorse to Vancouver now eighty-nine dollars. But more particularly fare from Whitehorse to Fairbanks reduced to thirty-five dollars one way. Understand run leased to Canadian Pacific Air Lines further that same is dependent upon questionable volume of passenger revenue. Apparently subsidies direct or indirect are paid to lessee to provide service into foreign country. When may we Canadians expect relief from exorbitant fare Whitehorse to Dawson, sixty dollars one way presently charged under an exclusive subsidized monopoly. Delay in rectifying apparent prima facie case of discrimination and in our opinion outright favouritism shown carrier absolutely incomprehensible to this organization.

Mr. MacNICOL: Has the hon. member the return fare from Whitehorse to Dawson?

Mr. ARCHIBALD: I am sorry I have not that data at hand.

I believe that this night letter in its way is the best example that I can give of the problem facing these people. Again the government has within its power the opportunity to solve this question by putting through a road from the Alaska highway to Dawson city. This would provide a method of lowering rates faster than all the petitions that could be made before such boards as the air transport board. It would also give an opportunity for small independent businesses to be established in such towns as Dawson. For example, the Dawson city miners have been trying to operate a co-operative store there but, owing to the fact that they have to bring in such large quantities of goods in a short time during the summer season, they simply cannot get far enough ahead in order to carry a sufficient stock to make that business grow. Now that the Alaska highway is in that country, I believe it would be an economic proposition to ask the government to tie in with it existing industrial centres so that they could be given a chance to grow and develop.

Again, I should like to point out that other countries are developing their northern districts with all the aid that the power of the state can command. If we expect to keep pace and at the same time prove the ability of our democracy to exist, we must do likewise.

On motion of Mr. Benidickson the debate was adjourned.

SUPPLY

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

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

200. Departmental administration, $531,954.

Item stands.

DEPARTMENT OF NATIONAL REVENUE

244. General administration, $1,168,648.

Item stands.

Progress reported.

It being five minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Wednesday, May 14, 1947

The house met at three o'clock.

THE ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following communication:

Ottawa, May 13, 1947.

Sir:

I have the honour to inform you that the Hon. Thibaudeau Rinfret, Chief Justice of Canada, acting as deputy of His Excellency the Governor

General, will proceed to the Senate chamber on Wednesday, May 14, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be, sir,
Your obedient servant,
F. L. C. Pereira,
Assistant Secretary to the Governor General.

PRIVILEGE

REFERENCE TO EDITORIAL IN TORONTO "GLOBE AND MAIL" OF MAY 14

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, I rise to a question of privilege. My attention has been drawn to a leading editorial appearing in the May 14 issue of the Toronto *Globe and Mail,* in which charges of dishonesty are made in the disposition of farm properties in British Columbia formerly occupied by persons of the Japanese race. I wish unequivocally to deny the charges which appear in this editorial.

Valuations made of these former Japanese lands were based on conditions which existed immediately prior to the outbreak of the war. The appraisals were made in the early summer months of 1942 when the war was at its blackest for the allied cause. No one knew at that time how long the war would last, but that these lands had any value for the reestablishment of Canadian veterans of world war II is attributable to the fact that Canada and her allies won the war, a fact which the *Globe and Mail* seems to ignore so far as Japanese nationals are concerned.

Some hon. MEMBERS: Order.

Mr. SPEAKER: I would ask the hon. member not to read from the editorial but just to state briefly his question of privilege.

Mr. TUCKER: I am not reading any part of the newspaper at all. I am referring to this editorial which appeared in the *Globe and Mail.*

Mr. FRASER: This matter is before a committee, Mr. Speaker.

Mr. TUCKER: This is a question of privilege. An attack was made on the honesty of the Department of Veterans Affairs and the other ministers, and surely I am entitled, on a question of privilege, to draw attention to it.

Some hon. MEMBERS: Order.

Mr. MACKENZIE: Hon. members opposite do not like it.

Mr. CASSELMAN: Somebody else does not like it.

Mr SPEAKER: Hon. members know that the Speaker is responsible for seeing that the members abide by the rules. I would ask hon. members to allow the Speaker to do that. I suggest to the hon. member that according to the rules of the house a member speaking to a question of privilege should be as brief as possible. I would ask the hon. member to state his question of privilege and give his explanation as briefly as possible.

Mr. TUCKER: I intend to be as brief as I possibly can, Mr. Speaker, and at the same time make my meaning plain. I will say this. I have been assured by the director under the Veterans' Land Act that all former Japanese lands acquired by him and sold to veterans have been sold at sufficient only to cover their actual cost to him. No profit whatever has been made by the Veterans' Land Act administration on the transactions. There are no grounds for the suggestion in the editorial that the lands were resold to the veterans by the Veterans' Land Act administration at "vastly increased amounts". No evidence was submitted to the public accounts committee to this effect, and I protest against such a baseless accusation being made. The facts surrounding the purchase of these lands from the official custodian and their resale to veterans are readily available to the public accounts committee.

Mr. FLEMING: I rise to a point of order, Mr. Speaker. The matters to which the hon. member is referring are matters which at present are being reviewed by the standing committee on public accounts.

Mr. MACKENZIE: That is quite right.

Mr. FLEMING: The evidence has not been completed. The hon. gentleman is referring to something that will have to come before the committee in the way of evidence, probably next week. The statement the hon. member is making now is evidence which should be given before the committee.

Mr. TUCKER: Well, Mr. Speaker, may I proceed with my statement?

Some hon. MEMBERS: No.

Mr. SPEAKER: Order. I would ask hon. members to remain silent. They will realize that the hon. gentleman who has the floor is referring to an article which appeared in a newspaper and which apparently contained statements which are contrary to the facts. I believe it is in the interests of the public, and particularly in the interests of the veterans, to know exactly what the administration intends to do. So I believe it is in the best interests of all that the hon. gentleman be permitted to make his statement.

Mr. TUCKER: The facts surrounding the purchase of these lands from the official custodian and their resale to veterans are readily available to the public accounts committee, and the Department of Veterans Affairs would welcome the most searching inquiry. Until this has been done I suggest that in fairness to the public servants involved no such charges, impugning the fairness and honesty of those public servants, should have been given such wide publicity.

Some hon. MEMBERS: Order.

Right Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): Seeing that I was personally attacked this morning in the editorial in question in the Toronto *Globe and Mail,* I think it is my right as a member of this free and unfettered parliament to rise on a question of privilege. I intend, sir, to ask the standing committee on public accounts which is now investigating questions having to do with the administration of the custodian of alien enemy property, to subpoena C. George McCullagh, the editor of the Toronto *Globe and Mail,* to substantiate if he can—and he cannot—the vile, foul, malicious, meretricious statements contained in that editorial.

Mr. A. L. SMITH (Calgary West): I also rise to a question of privilege, speaking as a member of the public accounts committee, to inform hon. members of this house that under the able chairmanship of the hon. member for Halifax (Mr. Isnor) that committee is quite capable of carrying on its affairs without direction from the minister or his loquacious assistant.

Mr. MACKENZIE: My hon. friend apparently is unacquainted with the rules of parliament, which provide that any member of the commons, private member or minister, has the right to appear before any standing committee of this house and make an appeal to that committee, because a committee is only the creature and servant of parliament; and the committee then decides.

Mr. SMITH (Calgary West): Then appear before the committee and make application; we will hear you.

IMMIGRATION

POLISH SOLDIERS—REFERENCE TO EDITORIAL IN WOODSTOCK "SENTINEL REVIEW"

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I wish to call attention to an editorial in the Woodstock *Sentinel Review* of May 6, attributing to me statements about Polish soldiers which I denied two days afterwards in a statement to the house. I was complaining about the lack of shipping and the abuses of priority shipping to the exclusion of British born. I have been a friend of the Polish nation. What I said is borne out by evidence before the labour and immigration committee of the other house on May 6.

REPORT OF COMMITTEE

Second report of standing committee on standing orders—Mr. Bertrand (Prescott).

QUESTIONS

(Questions answered orally are indicated by an asterisk).

TREASURY BILLS

Mr. MACDONNELL (Muskoka-Ontario):

1. What were the amounts of treasury bills issued by the following provinces and held by the dominion of Canada on December 31, 1946: British Columbia, Alberta, Saskatchewan,, Manitoba?

2. What amounts of treasury bills issued by the following provinces and held by the dominion of Canada have been cancelled and forgiven by the dominion subsequent to December 31, 1946: British Columbia, Alberta, Saskatchewan, Manitoba?

3. What were the rates of interest on the treasury bills cancelled and forgiven and was any accrued interest cancelled and forgiven? If so, give the amounts forgiven to each province?

4. What amounts of treasury bills have been accepted as refunding from the undermentioned provinces, giving particulars: (a) refunded over a term of years without interest; (b) refunded over a term of years with interest, giving the rates of interest on the latter; (b) charged by the dominion government to each of the provinces, British Columbia, Alberta, Saskatchewan, Manitoba?

5. Were any treasury bills issued by any of the undermentioned provinces and held by the dominion of Canada, cancelled and forgiven? If so, give full particulars as to Nova Scotia, New Brunswick, Prince Edward Island?

Mr. MAYHEW:

1. British Columbia—Loans under relief acts, $34,112,249.99.

Alberta—Loans under relief acts, $25,862,000; subsidy overpayment, $350,000; total, $26,212,000.

Saskatchewan—Loans under relief acts, $70,668,403.20; loans under Saskatchewan seed grain loans guarantee act 1936, $2,637,398.15; loans under seed grain loans act 1937, $7,136,051.09; loans under seed grain loans guarantee act 1938, $10,605,541.48; loans under war appropriation act re Saskatchewan Power Commission, $34,560; total $91,081,953.92.

Manitoba—Loans under relief acts, $24,734,451.82.

2, 3, 4 and 5. The dominion government has not cancelled and forgiven, subsequent to December 31, 1946, any treasury bills issued to it by any province. However, it has agreed to recommend to parliament a programme of refunding, with certain adjustments, the treasury bill indebtedness of the provinces of Manitoba, Saskatchewan, Alberta and British Columbia arising out of loans made by the dominion to the said provinces for relief and other purposes during the depression of the thirties. At a later stage in the session a bill will be introduced seeking authority to enter into the necessary agreements with the provinces concerned, and all details in regard to the amounts to be refunded or cancelled in the case of each province, the rate of interest, etc., will be included in the bill. However, the general principles underlying the proposed debt settlements and present calculations of the amounts involved in the case of each province with the amounts to be refunded or cancelled or otherwise dealt with are shown in the correspondence relating to the proposed tax agreements with the provinces, which was tabled as a white paper on January 30, 1947, and distributed to hon. members. The information will be found on pages 39 and 40 of the white paper.

The treasury bills now outstanding and referred to above bear interest at the rate of 3 per cent per annum, except in the case of a Saskatchewan treasury bill issued in connection with the Saskatchewan power commission, which bears interest at 3½ per cent per annum.

CANADIAN REPRESENTATIVE TO THE VATICAN

Mr. CAOUETTE:

1. Has the government reached a decision regarding the appointment of a Canadian representative to the Vatican?

2. If so, what is such decision?

Mr. ST. LAURENT:

1. No.

2. Answered by No. 1.

WORLD WAR II—CANADIAN FINANCIAL CONTRIBUTIONS AND EXPENSES

Mr. NICHOLSON:

1. What were the total amounts made available by Canada to members of the united nations in connection with the prosecution of the war (a) as gifts; (b) as loans?

2. What were the total expenses to Canada in connection with world war II up to March 31, 1947?

[Mr. Mayhew.]

Mr. MAYHEW:

1. Gifts

Under The War Appropriation (United Kingdom Financing) Act, 1942— United Kingdom	$ 1,000,000,000.00
Under War Appropriation Acts—Gift of wheat to Greece	19,382,079.19
Mutual Aid	
Under War Appropriation (Mutual Aid) Acts—	
Australia	91,119,000.00
British West Indies	5,518,000.00
China	26,597,000.00
France	23,629,000.00
Greece	12,000.00
India	18,826,000.00
New Zealand	15,278,000.00
Union of Soviet Socialist Republics	159,113,000.00
United Kingdom	1,870,978,000.00

The above figures differ from those published in the final report of the Mutual Aid Board due to the elimination of the costs of goods on hand and declared surplus at the end of hostilities.

Loans

$700,000,000.00 to the United Kingdom under The War Appropriation (United Kingdom Financing) Act, 1942, which has been reduced by repayments to $419,822,848.83.

$10,000,000.00 to the Union of Soviet Socialist Republics under the War Appropriation Acts for the purchase of wheat, which has been reduced by repayments to $2,500,000.00.

Temporary Advances under Section 3 of War Appropriation Acts	Balance Outstanding April 30, 1947.
Belgium	$ 501,006.40
Netherlands	3,590,717.42
Union of Soviet Socialist Republics	8,815,680.52

NOTE: Post-war loans made under the authority of The Export Credits Insurance Act and the United Kingdom Financial Agreement Act, 1946, and temporary advances made under the authority of section 3 of The War Appropriation Acts, and repaid, are not included.

2. It is impossible to segregate certain demobilization expenditures from war expenditures. Consequently the figures given below include expenditures made from The War Appropriation Acts, The War Expenditure and Demobilization Appropriation Acts and Demobilization and Reconversion votes in the Appropriation Acts.

Expenditures from War Appropriations		
Fiscal year 1939-40	$	118,291,022
" " 1940-41		752,045,326
" " 1941-42		1,339,674,152
" " 1942-43		3,724,248,890
" " 1943-44		4,587,023,094
" " 1944-45		4,418,446,315
Expenditures from War Expenditure and Demobilization Appropriations		
Fiscal year 1945-46	$	4,002,949,197
Expenditures from Demobilization and Reconversion Appropriations		
Fiscal year 1946-47	$	1,313,188,000 (estimated)
		$20,255,865,996

DEPENDENTS' BOARD OF TRUSTEES—J. PEMBROKE

Mr. FRASER:

1. Did Mr. J. Pembroke make a tour of the various offices of the dependents' board of trustees since October 1, 1946?

2. If so, what was the total cost of such trip?

Mr. LAPOINTE:

1. Yes, from Montreal October 14, 1946, for final meetings of regional dependents advisory (voluntary) committees at Port Arthur, Regina, Sudbury, Saskatoon, Edmonton, Calgary, Vancouver, Victoria, Winnipeg, Quebec, Saint John, Charlottetown, Halifax, London, Hamilton, Toronto, and Peterboro; returning to Montreal November 23, 1946, and on December 4, 1946, at Ottawa.

2. $957.77 made up of transportation $511.65 and travelling expenses $446.12. Mr. Pembroke, chairman of the dependents' board of trustees, is not in receipt of salary or personal remuneration.

CANADIAN PACIFIC RAILWAY SECURITIES

Mr. KNOWLES:

1. What was the total value of Canadian Pacific securities of all kinds held in the United Kingdom, as at September 1, 1939?

2. What is the total value of Canadian Pacific securities of all kinds held in the United Kingdom at the present time?

3. Have any Canadian Pacific securities held in the United Kingdom been acquired by the government of the United Kingdom? If so, what is the value of such securities so acquired?

4. What is the total value of Canadian Pacific securities returned to Canada from the United Kingdom since September 1, 1939?

5. What disposition has been made of any such securities returned to Canada?

6. Are any such securities in the possession of the Canadian government?

Mr. MAYHEW:

1 and 2. The geographical distribution of the holdings of stock shown in the annual reports of the Canadian Pacific Railway Company follows:

December 31, 1939

	Percentage of Ordinary Stock
Canada	18·87
United Kingdom and other British	51·76
United States	22·86
Other Countries	6·51
	100·00

	Percentage of Preference Stock
Canada	·73
United Kingdom and other British	95·05
United States	·37
Other Countries	3·85
	100·00

December 31, 1946

	Percentage of Ordinary Stock
Canada	12·96
United Kingdom and other British	43·18
United States	37·68
Other Countries	6·18
	100·00

	Percentage of Preference Stock
Canada	·57
United Kingdom and other British	97·22
United States	·25
Other Countries	1·96
	100·00

Par value of total ordinary stock $335,000,000 (13,400,000 shares issued at $25 par value).

Par value of preference stock $137,256,921 (£28,203,477 issued in amounts of £1 and multiples converted at $4.86).

In addition there was outstanding at both dates £47,350,321 of 4 per cent consolidated debenture stock issued in sterling which is believed to be mainly held in the United Kingdom.

3. Information on the ownership of Canadian Pacific securities held in the United Kingdom is not available.

4 and 5. There was no repatriation of Canadian Pacific securities by the government of Canada. The distribution of ownership of shares shows a decrease in the number of shares held in Canada since 1939 and an increase in holdings of ordinary shares in the United States. Any securities returned to Canada since then have been more than offset on balance by shares purchased in Canada by investors in the United States.

6. None of the securities returned to Canada are in the possession of the Canadian government. However, the government continues to hold a small number of ordinary shares of the Canadian Pacific Railway Company acquired after the war of 1914-18.

DEBERT MILITARY CAMP—PROVINCIAL DEPARTMENT OF AGRICULTURE BUILDINGS

Mr. STANFIELD:

1. Has the Nova Scotia provincial government leased or bought from the dominion government those buildings their department of agriculture is now using at Debert military camp? If so, on what terms?

2. If not, are they being used gratis?

Mr. McILRAITH:

1. The Department of Agriculture of the government of Nova Scotia took over certain buildings at Debert Military Camp on August 1, 1946 on a rental basis. The amount of rent to be paid and the terms of the lease will be finally determined when the Department of Agriculture has decided exactly what buildings and services are required.

2. Answered by 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

SOCIAL SECURITY MEASURES

Mr. NICHOLSON:

1. What were the total costs incurred by the federal government during the 19th parliament in connection with studying and planning a comprehensive social security programme for Canada, including expenses incurred by the committee on social security?

2. What have been the total expenses incurred during the 20th parliament of Canada to date for studying and planning social security measures for Canada?

EVAPORATED MILK—PRICE INCREASE

Mr. DANIEL:

1. What portion of the recent one cent per tin increase in the price of evaporated milk is to be received by the producer, the processor and the wholesaler?

[Mr. Mayhew.]

2. What is the same breakdown with regard to the price rise of cheese and butter.

3. What proportion of the one and a half cent per dozen increase in the price of eggs accrues to the producer and other sections of the industry?

INTEGRATED HOUSING PLAN—ONTARIO

Mr. TIMMINS:

1. In what areas in Ontario are builders constructing houses under the integrated housing plan, in 1947?

2. How many builders are operating under this plan in each said area?

3. How many housing units under said plan are under construction in each said area?

Mr. McILRAITH: Return tabled.

MOTION FOR PAPERS

WAR ASSETS—SALES TO SALABERRY OF VALLEYFIELD

Mr. RAYMOND (Beauharnois-Laprairie):

For a copy of all correspondence exchanged between the city of Salaberry of Valleyfield, or city of Valleyfield, the mayor or any other officer of the said city and the war assets corporation, concerning the purchase or application for purchase of assets in 1944, 1945, 1946 and 1947.

HOUSING

FULL PRIORITIES ASSISTANCE FOR VETERANS

On the orders of the day:

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, last Friday I advised the house that the requirement that a house be fifty per cent completed before a veteran of world war II could obtain formal priorities assistance was being removed and that full priorities assistance would henceforth be granted.

I am now able to advise that these revised procedures are operative immediately. All veterans who come within the definition of a "veteran" established for this purpose may now make application to the priorities officer of the Department of Reconstruction and Supply for this assistance. To qualify as a "veteran" a man must have a minimum of one year's wartime service in Canada or have had overseas service or be in receipt of a war pension. Men continuing in the permanent force and who have had the required wartime service also qualify.

It will be necessary for a veteran to assure the priorities officer that he is building or will immediately commence to build a home for his own occupancy and which he himself will own. On an application form, PB-1047, veterans will be required to give the legal description of the land on which their house will be located and to provide copies of an agreement of sale and purchase if they are not already owners of the land.

Veterans will also be required to state in detail the building materials required for their home and priorities assistance will be extended only for the minimum quantities required to complete a reasonable type and size of house. Details concerning these new procedures are now available from offices of the priorities branch located at Vancouver, Winnipeg, Toronto, Montreal and Ottawa.

Priorities assistance extended to veterans will continue to be governed by priorities officer's order No. P.O. 11B, which order channels building materials from the actual producer, down through the various distributional levels, to the veteran's home.

It should be emphasized that the procedures I have outlined have to do only with individual veterans building single houses for their own occupancy under other than the small holdings plan of the Veterans Land Act. Priorities assistance for the construction of groups of veterans' houses will continue to be available in accordance with procedures established by Central Mortgage and Housing Corporation.

Mr. FRASER: Would it be possible for the veterans affairs officers in the different districts to have a supply of these application forms for full priorities assistance? It is pretty hard for veterans living a long distance away to get them.

Mr. HOWE: Any organization and any individual may obtain forms from the priorities offices.

Mr. FRASER: Thank you very much.

REGULATIONS WITH RESPECT TO OCCUPANCY OF DWELLING BY OWNER

On the orders of the day:

Hon. W. EARL ROWE (Dufferin-Simcoe): Mr. Speaker, I should like to ask a question of the Minister of Finance, copy of which I have forwarded to him. Will the minister advise the house if any changes are contemplated in the near future to ease rental regulations so as to permit home owners to gain occupancy of their homes in instances where they are suffering hardship under the present regulations?

Hon. DOUGLAS ABBOTT (Minister of Finance): As I said in the house a week or so ago, the whole question of rental regulations is under serious study by myself and officials of the wartime prices and trade board. I am not yet in a position to make any statement as to what changes if any can be made in the regulations.

CANCELLATION OF BUILDING PROJECTS BY HOUSING ENTERPRISES LIMITED

On the orders of the day:

Mr. DAVID A. CROLL (Spadina): Mr. Speaker, I should like to ask a question of the Minister of Reconstruction and Supply. The press carried reports this morning that because of the high cost of labour and materials Housing Enterprises of Canada Limited has cancelled Greater Toronto building projects which would have housed about 200 veterans' families. My questions are these: First, is the government in any way a party to this decision, and, second, will this reduce the government's objective of 80,000 houses this year?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, the short answer to both questions is, no. However, having in mind the public interest in this matter, I feel that perhaps I should make a statement outlining the relationship between Housing Enterprises Limited and the government.

In the summer of 1945 conversations took place between all life insurance companies operating in Canada and the government. It was realized that there was a great need for rental housing. The government explored with the life insurance companies ways and means whereby they might enter this field. The National Housing Act provided for direct investment by the companies under section 11. The companies felt that in view of current conditions they did not care to operate individually under section 11. By a combination of sections 9 and 11 of the National Housing Act, together with subsequent amendment to the act, the life insurance companies formed a wholly owned holding company called Housing Enterprises Limited.

The life insurance companies undertook to construct rental housing for veterans through the agency of Housing Enterprises. The financial arrangement was that a 90 per cent loan for 50 years at 3 per cent was made under the terms of the National Housing Act, and Housing Enterprises invested life insurance company funds for the remaining 10 per cent. Rentals were to be established so that the life insurance companies might earn a limited dividend of 5 per cent on their share, and the government guaranteed that they would receive at least 2½ per cent on money so invested.

By September, 1945, Housing Enterprises had formed an organization. By early 1946 some land had been assembled upon which to erect projects. The 1946 programme of Housing Enterprises amounted to 3,276 units, most of which are at present under construction.

When awarding contracts for their 1946 programme it became evident that firm bids could not be secured except at very high levels. To meet this situation Housing Enterprises entered into an arrangement with contractors for a target price whereby any saving in the target price was divided between the contractor and Housing Enterprises. Housing Enterprises were responsible for any costs incurred in excess of the target price.

The 1946 programme is now well advanced, and it is apparent that practically every project will exceed the target price, and that correspondingly high rentals will result.

It had been originally anticipated that although projects by Housing Enterprises would not be in the really low rental field, nevertheless rentals might be of the order of $35 to $40 for a four room unit. Because of increased building costs, rentals calculated upon the formula which I have described earlier are considerably higher than was originally anticipated. Even in their 1946 programme Housing Enterprises felt that it would be extremely difficult for them to fill the need at a rental level which was originally contemplated.

Last fall Housing Enterprises accumulated land for their 1947 programme. The unsatisfactory nature of many of their 1946 cost-plus contracts made it prudent for Housing Enterprises to require that their 1947 programme be carried out on the basis of firm bids. A firm bid has been received for some 400 units in Hamilton at a price which would result in rentals of $55, $65 and $75 for three, four and five room units respectively. Housing Enterprises feel that the purpose for which they entered the field is not being fulfilled, and that rentals which result from such high costs are far in excess of those which the scheme envisaged. Unless it is possible for Housing Enterprises to secure considerably lower prices on other projects, they do not intend to proceed with their 1947 programme.

The government is grateful to the life insurance companies for the time and effort which they have given to the operation of Housing Enterprises. Every factor has been unfavourable towards carrying out the original intention. I know that the life insurance companies are disappointed that they have been unable to produce the low or moderate rental housing that was originally planned. Nevertheless, the government appreciates the position of the life insurance companies, and although it regrets losing a potential volume of new rental housing, nevertheless it does concur in the decision which has now been taken by them.

[Mr. Howe.]

Mr. FLEMING: What will now happen to the very considerable number of houses which are under construction by Housing Enterprises Limited? Will that programme be carried through to completion?

Mr. HOWE: Yes, it is my understanding that Housing Enterprises Limited intend to complete all the projects at present under construction. My hon. friend will appreciate, of course, that Housing Enterprises Limited is a purely private project, carried out under the National Housing Act, and that any decision as to whether houses will or will not be completed rests with the insurance companies which formed Housing Enterprises Limited.

Mr. TIMMINS: Is there any obligation on the part of Housing Enterprises Limited to proceed with any of these projects they now say they intend to abandon?

Mr. HOWE: I know of no obligation.

Mr. NICHOLSON: Did the minister indicate how many units had been completed of those which were begun last year?

Mr. HOWE: I gave the figure of 3,276 starts. I cannot say how many have been completed.

Mr. NICHOLSON: Is there any indication of the rents which are being charged in the Toronto area?

Mr. HOWE: They are too high, I may say. They are not in a class of low-rental housing.

Mr. NICHOLSON: How high are they?

Mr. HOWE: Probably about $45 to $55 a month.

Mr. CHURCH: What is the use of building, if you cannot pay the rent?

LABOUR CONDITIONS

WORK STOPPAGE IN NOVA SCOTIA AND NEW BRUNSWICK

On the orders of the day:

Mr. P. C. BLACK (Cumberland): Mr. Speaker, I should like to ask a question of the Minister of Labour. Is he, or his colleague the Minister of Reconstruction and Supply (Mr. Howe), in a position to make a statement with regard to the progress of deliberations with respect to the settlement of the coal strike? This is of transcendent importance to all the people of Nova Scotia. I think it is in the public interest that a statement be made.

Hon. HUMPHREY MITCHELL (Minister of Labour): As my hon. friend is aware negotiations took place in Montreal yesterday.

Conversations were held between myself and the miners' representatives this morning, and they are continuing. That is all I can say now.

EXCESS PROFITS TAX

PRESS REPORT AS TO DEFERRED MAINTENANCE CLAIMS

On the orders of the day:

Mr. ALAN COCKERAM (York South): Mr. Speaker, I should like to ask the Minister of Finance if he made the statement attributed to him in a Canadian Press dispatch which appeared in the Montreal *Gazette* today, to the effect that a change in regulations will allow companies to offset excess profits by deferred maintenance payments?

Hon. DOUGLAS ABBOTT (Minister of Finance): My hon. friend was kind enough to give me notice of this question. I have looked at the dispatch in question, and it is entirely accurate. The paraphrasing by my hon. friend is not quite correct, but that is no fault of his. A representative of the Canadian Press asked me yesterday whether the government had decided to fix a period under the existing statute within which deferred maintenance work carried out could be charged back to excess profits taxes paid in previous years. My reply was that the matter was under consideration but that no decision had been taken.

Mr. ROWE: Arising out of the question asked by the hon. member for York South, I should like to ask the Minister of Finance if the government is adopting the practice of making important announcements to the press before they are made to parliament, especially on matters of taxation during a budget debate.

Some hon. MEMBERS: Order.

Mr. ROWE: I do not need to be called to order. When someone to your right, Mr. Speaker, asks a question, usually a minister makes a speech in reply. I think I have a perfect right to ask the question. I should like also to ask the minister if the matter which he says is under consideration has not been covered already by an order in council.

Mr. DIEFENBAKER: P.C. 1502.

Mr. ABBOTT: So far as I am aware no order in council has been passed. Replying to the first part of my hon. friend's question as to why a statement was not made in the house, may I say that Mr. Carnegie, the head of the Canadian Press in Ottawa, asked me a simple question and I made a simple answer which I would have made to any member of the press gallery. I said that the matter which he inquired about was under consideration.

Mr. ROWE: As a member of the house I should like to ask a simple question of the minister. Was not an order in council passed on April 17 permitting deferred maintenance claims to be made against excess profits taxes? This is the matter which the minister stated was being considered.

Mr. ABBOTT: The period of time within which deferred maintenance may be charged against excess profits taxes has not, so far as I am aware, yet been fixed by the government. The hon. member for Lake Centre sent me a note asking for information about order in council 1502. I could not recall what it was and I said I would look into it and let him know. I shall do that.

Mr. DIEFENBAKER: Would the minister mind tabling that order, P.C. 1502? It has not yet appeared in the *Canada Gazette* but I think it is a complete answer to the question raised by the member for York South.

Mr. ABBOTT: I shall be very glad to do it. I think it was passed on the recommendation of the Minister of National Revenue, but I will have the information very shortly.

[*Later:*]

Hon. DOUGLAS ABBOTT (Minister of Finance): I wish to table order in council P.C. 1502 which was asked for this afternoon by the hon. member for Dufferin-Simcoe (Mr. Rowe) and the hon. member for Lake Centre (Mr. Diefenbaker). At the same time I confess the error of my ways. I had thought the matter was still under consideration, but I find that while I was busily engaged in the preparation of my budget, and not attending council as regularly as I might, my colleague the Minister of National Revenue (Mr. McCann) on April 17 submitted a recommendation establishing the period within which this deferred maintenance might be taken.

FOOD

REPORTED SHORTAGES IN BRITISH AND UNITED STATES ZONES IN GERMANY

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): In the absence of the Prime Minister I should like to direct a question to the leader of the house. Has the government's attention been drawn to a dispatch in the *Globe and Mail* this

morning, sent from London by Herbert L. Matthews, regarding the food crisis in the British zone of Germany? Reference is made also to the serious situation in the American zone and in referring to both zones the item says "they are quite simply starving". I should like to know if the Canadian government has been approached in this matter, and if there is anything it can do in a situation which has economic, political and humanitarian aspects?

Right Hon. J. G. GARDINER (Minister of Agriculture): The leader of the house has suggested that I should answer the question which has just been asked and in reply I would say that no consideration has been given to the matter reported on in this morning's papers. However, consideration has been given on many occasions to the possibility of supplying more food for Great Britain and for the other countries which are concerned in obtaining food from Great Britain. All the food which can be accumulated under the different programmes that have been set up is being shipped mainly to Great Britain. Most of the food which we are supplying to any part of Europe is going to Great Britain. I have no doubt that the amount of food supplied by this country has some bearing upon what the British are able to do to take care of the position in Germany. With the exception of wheat, and other small exceptions, all the food supplied by this country goes to Great Britain. Wheat is divided up among the different countries, but again most of it goes to Great Britain.

Mr. COLDWELL: That food is passed on to the British zone under British responsibility?

Mr. GARDINER: Whatever food is passed on goes that way, except what is arranged for through the cereals committee which meets from time to time in Washington and determines what division is to be made of the different cereals. Then there is another committee which divides up the other food, and our food goes to wherever it is allotted.

SUGGESTED DIVERSION OF FREIGHT CARS FOR MOVEMENT OF WHEAT TO EUROPE

On the orders of the day:

Mr. P. E. WRIGHT (Melfort): Has the government given any consideration to diverting more freight cars for the movement of wheat to meet the immediate need for food in Europe which has just been outlined?

Hon. LIONEL CHEVRIER (Minister of Transport): The movement of freight cars loaded with wheat is far better now than it has been at any other time. I know my colleague, the Minister of Trade and Commerce (Mr. MacKinnon), will confirm my statement when I say that within the last month or so the movement has far exceeded the priority agreed upon between the wheat board and the railways during the winter months. In fact, it is well above the 1,200 cars per day mark.

REPORTED CHANGE IN PRICE OF BACON ON BRITISH MARKET

On the orders of the day:

Mr. K. R. DANIEL (Oxford): I should like to ask the Minister of Agriculture what effect the recent announcement in the press in regard to the revision in the price of bacon on the British market will have on the Canadian producers of bacon?

Right Hon. J. G. GARDINER (Minister of Agriculture): I did not read the press all through this morning so I do not know what my hon. friend is referring to.

Mr. DANIEL: This morning's press carried a report that Mr. Strachey had made an announcement of a change in the price of bacon.

PUBLIC WORKS

WHARF FACILITIES AT NORTH SYDNEY, N.S.

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I should like to direct a question to the Minister of Public Works, arising out of a telegram which I received just before coming into the house.

Some hon. MEMBERS: Oh, oh.

Mr. GILLIS: When hon. members are through laughing I will continue in this free and unfettered parliament. This wire is from the president of the board of trade, an important person, in North Sydney, Nova Scotia, and it points out that the harbour facilities there are closed out because of a lack of wharfage. Can the minister tell the house when his department intends to proceed with the building of the wharf which I understand he has in mind for that particular port?

Hon. ALPHONSE FOURNIER (Minister of Public Works): I have not received any notice of the question, because the hon. member received his telegram only a moment ago. He would not expect me to answer such a question offhand. I will take this as a notice and give the answer tomorrow.

I. G. FARBENINDUSTRIE

INDICTMENT OF OFFICIALS—STATEMENT OF SECRETARY OF STATE

On the orders of the day:

Mr. E. G. McCULLOUGH (Assiniboia): On March 20 I received a return in reply to this question:

Is the I. G. Farben Company or any subsidiary of such company operating in Canada?

The answer I received was no, that investigations were still proceeding. Due to press reports that twenty-four top officials of the German I.G. Farben Company have been indicted by the United States government, has the government any further information in regard to the investigations being carried on here in Canada?

Hon. COLIN GIBSON (Secretary of State): The hon. member was good enough to send me notice of his question. In view of the widespread publicity in connection with the indictment by the United States government of twenty-four top officials of the I. G. Farben Company who were charged with plunder, spoliation and mass murder, I prepared a report which may be of interest to the house.

In the office of the custodian there are records of five patents which stood in the name of I. G. Farbenindustrie which, after the outbreak of the war, were licensed for use in Canada by the commissioner of patents under the patents, designs, copyright and trade mark (emergency) order 1939. In respect to these patents, royalties at the rate prescribed by the commissioner of patents in his licensing order have been collected by the custodian from the Canadian licensees. These royalties amount to a little over $8,000. The only Canadian company in which I. G. Farbenindustrie had any direct share interest was a company in Montreal in which I. G. Farbenindustrie owned sixteen per cent of the capital stock. The shares representing this interest were reported to the custodian by the company and vested in the custodian under the regulations.

There was also reported to the custodian a contract between a Canadian company and I. G. Farbenindustrie relating to the use of trade marks and technical assistance. All payments under this contract have been made by the Canadian company to the custodian. In this connection it my be stated that a company incorporated in the United States has laid claim to the amounts realized in relation to this contract by virtue of an alleged assignment from I. G. Farbenindustrie to the American corporation. This claim, however, has not been recognized by the custodian.

My department has not yet an official copy of the recent indictment preferred by the United States against twenty-four senior officials of I. G. Farbenindustrie. The New York *Times* of May 4, 1947, published extracts and summaries from the indictment. Reference is made in the indictment to cartel agreements with more than 2,000 major industrial concerns in the United States, Great Britain, France, Norway, Belgium, the Netherlands and Poland. The second count of the indictment, relating to plunder and spoliation, mentions the countries involved as Australia, Czechoslovakia, Poland, Britain, France, Denmark, Norway, Belgium, the Netherlands, Luxembourg, Yugoslavia, Greece, the Soviet Union and the United States.

The head office of the I. G. Farbenindustrie at Frankfurt is in the American zone of occupation and it may be inferred that the indictments were prepared after examination of the records available at the headquarters of I. G. Farbenindustrie. It will be observed that in neither count of the indictment is there mention of relations with firms or industries in Canada. The Canadian government is keeping in close touch with the situation as it develops but has no evidence suggesting any Canadian firm or company has failed to make disclosure of any contracts with I. G. Farbenindustrie, nor is there any evidence that I. G. Farbenindustrie had anything which could be described as an affiliated or subsidiary enterprise or company in Canada.

UNITED NATIONS

REPORTS OF INTERNATIONAL MONETARY FUND AND INTERNATIONAL BANK OF RECONSTRUCTION

On the orders of the day:

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, can the Minister of Finance tell the house when he will be in a position to table the reports of the International Monetary Fund and the International Bank of Reconstruction?

Hon. DOUGLAS ABBOTT (Minister of Finance): I cannot say, but they will be tabled as soon as they are available.

(Translation):

GALLERIES OF THE HOUSE

PRESENCE OF MEMBERS IN THE GALLERY RESERVED FOR SENATORS

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, like the hon. member for Cape Breton South (Mr. Gillis) I have

just received a telegram: Is a member permitted to occupy a seat in the gallery reserved for senators?

(Text):

In case the minister concerned did not understand, I should like to ask this question arising out of several telegrams I have received, like the hon. member for Cape Breton South, just before entering the house: Has a member of parliament the right to sit in the senate gallery?

WORLD TRADE CONFERENCE

INQUIRY AS TO PROGRESS OF PROCEEDINGS

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): May I direct a question to the Secretary of State for External Affairs? Is the minister in a position to give the house any report concerning the proceedings of the international trade conference at Geneva?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): No, Mr. Speaker. All I can say is that the conference is still proceeding. It has not broken down, and while it proceeds there is hope for its success.

THE BUDGET

DEBATE ON ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, May 13, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Muskoka-Ontario), and the amendment to the amendment of Mr. Coldwell.

(Translation):

Mr. W. M. BENIDICKSON (Kenora-Rainy River): Mr. Speaker, may I at the beginning of my remarks say a few words in the beautiful French language, to congratulate my hon. colleagues who have already given the house and the country a fine example the Canadian parliament. That example should be followed in all sections of the country. I hope to improve my command of French, so that some day I may speak at greater length in that language during our debates.

(Text):

Mr. SMITH (Calgary West): Does the hon. member take his French lessons from the same person who teaches the hon. member for Fraser Valley (Mr. Cruickshank)?

(Translation):

Mr. BENIDICKSON: There takes place during the summer holidays, an exchange of students desirous of learning both our official languages. Students from Ontario register at various centres in the province of Quebec, while those from Quebec study English under highly qualified teachers.

It is perhaps the best means to know and to appreciate one another. That degree of national unity so much sought after, I am sure, by all Canadians will be attained more readily and more rapidly, because the knowledge of both languages will promote better understanding between the two groups.

And now, with your permission, Mr. Speaker, I shall continue my remarks in my mother tongue.

(Text):

We are now discussing the admirable budget of the Minister of Finance (Mr. Abbott), a budget which has brought a considerable reduction in taxation to a substantial number of our taxpayers, and we are faced with amendments by both opposition parties. I propose to deal this afternoon with two sections of the amendment of the Conservative party.

In his amendment the financial critic of the Conservative party said:

> This house regrets that the proposals of the Minister of Finance
>
> (b) offer no encouragement to those engaged in the development of our natural resources, especially mining and agriculture . . .

I shall deal with the subject of agriculture, but I do wish to say something about the record of this government with respect to mining, and the record of the official opposition when they had the chance to administer the affairs of the country. I shall deal also with that section of the opposition's amendment which regretted that there was failure to provide for reconvening the dominion-provincial conference in order to complete satisfactory agreements with the provinces and a dominion-provincial programme of social security, health and public investment.

I think it will be admitted on all sides that mining has certainly been a war victim. The gold mining industry, particularly during the war years, had to take second place to almost every other industry in this country. Now that the war is over, every possible encouragement that can be given to that industry must be given to it, because there is hardly any enterprise which does not receive considerable benefit from the production of our gold mines. Transportation, industry, agriculture, forestry, professional and trained personnel all derive great benefit from the production of gold in this country. Then, an exporting country surely must be thinking in terms of its exchange policy.

Something has been said by the official opposition on the question of parity, which is not in the budget resolutions this year, but which is very much in the thinking of anybody interested in the gold mining industry. Those of us who represent constituencies in which the production of gold is an important factor have, I want to assure you, Mr. Speaker, not been inactive in presenting the point of view of that industry with respect to parity. We also welcome the support in any representations of that kind which we have been receiving from several hon. members of the opposition. If I were to single out individuals I would certainly make reference to the hon. member for York South (Mr. Cockeram) who spoke yesterday, and I hope we shall again hear some words of encouragement for the gold industry from the hon. member for York West (Mr. Adamson). However, practically all the constituencies in which gold mining is an important factor are represented on this side. I want to assure that industry that these members, the hon. member for Chapleau (Mr. Gourd), the hon. member for Nipissing (Mr. Gauthier), the hon. member for Timiskaming (Mr. Little), the hon. member for Port Arthur (Mr. Howe), the hon. member for Fort William (Mr. McIvor), and so on, have been by no means backward in informing the Minister of Finance as to the desires of this industry in the matter of parity and everything else.

In the course of the debate there were references to the budget not saying anything about encouragement for mining. One of the reasons that the budget has no reference to the gold mining industry particularly is that, as a result of representations made to the Minister of Finance long in advance of the budget announcement, he was good enough to introduce a change in the depletion and depreciation allowances, which have been a decided boon to the mining industry. I wish to say that it is fortunate the minister made his announcement in March instead of holding it back until a later date; some of the mines might have been discouraged and might not have gone ahead with their development programme if the announcement had been deferred to this day.

I read carefully the remarks made by the financial critic of the official opposition. As all hon. members know, he spoke at considerable length, but only four or five lines of his remarks dealt with the matter of mining. In spite of that he thought that industry worthy of a particular clause in his amendment. All he had to say was this; he was very cagey:

> I wish to make one other comment of a much more serious nature, . . . As far as I could judge on first hearing, it seemed to me there was no beginning to deal with the situation in regard to the gold industry which is so vital in that all important aspect of our business relations, namely, exchange with the United States.

That is all he said on the subject that day. As hon. members know, adjournment of the debate took place; he had an opportunity for further consideration and continued his remarks almost a week later. But when I read the continuation of his contribution to the debate—and as I pointed out he thought that amendment was sufficiently important for him to use it as a reason for saying that we should not go into committee of supply in order to progress in the matter of completing these tax reductions—

Mr. KNOWLES: Ways and means.

Mr. BENIDICKSON: —I find that the hon. member for Muskoka-Ontario (Mr. Macdonnell) who, as we know, in this playtime or make-believe cabinet of the official opposition is supposed to be the pretender to the ministry of finance, said at page 2803 of *Hansard* as follows, and I want the people interested in gold mining to pay particular attention to it, particularly the *Northern Miner* of Toronto.

> Finally, I was disturbed with a remark which is attributed in the press to the governor of the Bank of Canada. I want to be very careful on this because it was only in the press and I think it may have been an offhand remark.
>
> I would not take it too seriously, but the governor was quoted as saying that it would be to our advantage—this is in connection with the whole question of exchange—if the price of gold were increased in the United States.

I pause in that quotation to remind the house that I can think of nothing which would be of greater benefit to the gold mining industry than an increase in the price of gold by the United States, which is probably the only country in the world in a position economically to make such an increase. I continue with the quotation from the speech of the financial critic of the official opposition:

> That disturbed me very much because, I suppose, there could not be a more inflationary measure and because it seemed to me that if that was the only way, or was one of the serious ways, which the government regarded as a possibility of dealing with this thing, or of finding a way out, then it seemed to me the matter was not being dealt with as it should.

He concluded by saying:

> Of course we all know that the final solution of exchange is trade . . .

That, of course, is good Liberal doctrine. I am hoping that in the course of the debate not only shall we hear words of encourage-

ment for the gold mining industry from the hon. member for York South (Mr. Cockeram) and the hon. member for York West (Mr. Adamson), as we have been led to expect, but the leader of that party, who apparently saw fit to place the question of mining in an important amendment, will have something to say which is not evasive and not on the fence with respect to their attitude to parity and particularly with respect to their attitude to this question. Does he agree with the financial critic that it would be a bad thing if the United States raised the price of gold? I am hoping that the leader of the opposition (Mr. Bracken) himself will have something to say on this.

Mr. SKEY: How about the leader of the government?

Mr. BENIDICKSON: We stand on our record, may I say to my hon. friend. I am going to speak of that and I am going to speak of my hon. friend's record the last time his friends were given the opportunity of saying what they would do with respect to the gold mining industry.

However I do not expect a great deal from the leader of the opposition in the matter of a firm statement, because on this issue, as on most issues, to use the wording of one newspaper, he will probably "take refuge in the calculated obscurity of ambiguous silence."

Mr. KNOWLES: Say that in French.

Mr. IRVINE: He might as well.

Mr. BENIDICKSON: What is the comparative record of the party in official opposition and the government with respect to their attitude toward the gold mining industry? When that party now in official opposition had an opportunity to show their affection and keen interest in the gold mining industry between 1930 and 1935, what happened? When they took office, the government of 1929 had left them regulations under which there was a fifty per cent depletion allowance for the gold mining industry and a 33⅓ per cent depletion allowance with respect to base metals. The same depletion allowances were available for dividends from those industries. What happened? In five years in office they reduced the depletion allowances to 33⅓ per cent and they reduced the depletion allowances with respect to dividends to twenty per cent. In addition to that, I think the most uneconomic and most vicious tax that was ever imposed on the gold mining industry was imposed by the Conservative government in 1934. It was known as the bullion tax. In 1936, after they were swept out of office—and I think northern Ontario helped in the sweeping—the Liberal government introduced an important tax concession with respect to gold mining and that was an exemption from tax for three years for new producers. That was a Liberal measure. In addition, there was recognition that a certain period of time was necessary for what the industry calls "tuning-up", getting the machinery going, when a great deal of ore which clings to the machinery and so on is used. That amounts, on an average, to about half a year. So that a decided encouragement was given to the industry. For practically three and a half years a new mine was exempt from taxation.

I also want to point out that there is on the gold mining industry no tax, federally, which is not paid by any other industry in the country. However, that is not true of the administration of our hon. friends in the provincial sphere. In this amendment they are criticizing the government today for failure to give further encouragement to the gold mining industry. When there is only one Conservative government in the whole country, what has that government done? In the last budget it introduced the three per cent tax, the new mining tax of Ontario on gold mines. In addition to that, it eliminated the depletion allowance. I think we can only judge our hon. friends by what they do when they are given an opportunity to administer the laws of the country.

On the other hand, what is the record of this government? The depletion allowance, which I have said was reduced by the Conservative government from 50 per cent to 33⅓ per cent, was this year increased to 40 per cent. In addition to that, there was a per ounce depletion allowance of $4, which means that any mine whose margin of profit is less than $10 receives a better arrangement under that $4 proposition than it does under the 40 per cent one. The result is that, instead of some mines having a depletion allowance of 33⅓ per cent, as they had under the Conservative regime, they have a depletion allowance of 100 per cent in some instances, and 80 per cent in others. This is a decided benefit to the marginal mine.

That, Mr. Speaker, is the reference I propose to make with respect to the inadequacy of an amendment from the official opposition when it comes to the gold mining industry. I think the proof of the appreciation which that industry has for its good friends is in the representation in this house, in that the official opposition is not represented in any part of the country where gold mining is a major factor in the constituency itself.

I propose now to deal with the matter of dominion-provincial relations, another instance in which the official opposition thinks its

resolution should be carried. If that resolution were carried it would mean we would not proceed with the reductions in taxation proposed by the Minister of Finance; and I do not think there is any question that the governor general would consider Mr. Bracken unable to carry on the administration, so that we would have an election.

What is the basis of this amendment? I am going to endeavour to show the house that there seems to be a lack of conviction on the part of the official opposition with respect to dominion-provincial policy, if we go back and look at the policies supported by the leaders in this particular field at a time when they were perhaps not as prejudiced as they might be now, having political motives for presenting an amendment of this kind. First of all, I want to deal with the record of the leader of the official opposition (Mr. Bracken), which I may know perhaps better than most of those now sitting behind him because I came from the province of Manitoba and at one time endeavoured to assist the hon. gentleman in attaining his political desires. Based on fifteen or twenty years of experience with him, I am probably in a position to know as much about his attitude toward dominion-provincial affairs as almost anyone sitting behind him in this parliament. I should like, then, to give just a few extracts to show the attitude taken by the hon. gentleman in 1941, when a somewhat similar situation existed to that which has developed in the last year or so. In 1941, with the war in progress, and so on, there was a desire to have some unification of the taxation proposals in certain fields. As you know, Mr. Speaker, there were great difficulties with certain provinces. I will give the leader of the opposition his due and say that at that conference he represented a province which was prepared to go along with the proposals advanced by the administration which was in charge of the war effort; but there were others who did not see it in that light, and the situation existing today is parallel to the situation in 1941. After that abortive conference, the present leader of the opposition went back to Winnipeg and as premier of the province of Manitoba went on the radio and had this to say—

Mr. COTE (Matapedia-Matane): As the Tory leader?

Mr. BENIDICKSON: No; at that time he was a Liberal Progressive. He said:

> Two weeks ago tomorrow in the city of Ottawa the dominion-provincial conference which was called to consider the Sirois report, was wrecked.

He then went on to deal with the investigation which had been made by that commission, the reasons for calling the conference, and so on, and went on to say that there could be no just settlement of the problem without strengthening the powers of the dominion and that to do so, far from weakening, would actually buttress provincial autonomy. Then I have some further extracts. He said if they failed even to make agreements with those provinces that were willing, that the dominion in those circumstances—no; there were no qualifications; he said, "under any circumstances".

> Failing the consent of all the provinces, should the dominion enter into agreements with such of them as were ready to make them, or should the dissenting provinces be conceded the right of veto?

What did the present leader of the opposition have to say in that respect? He said this:

> Can we suppose that by erecting a Chinese wall around every province in Canada, by Balkanizing this country from coast to coast, that we would be adding to Canadian wealth or Canadian prestige or Canadian unity or making Canada a greater country than it has been in the past?

And he said:

> The provincial governments are not the only governments in Canada which have a responsibility. . . Indeed their responsibilities in this connection are of a minor character as compared with that of the dominion government.

Somebody may say that he had in mind simply the emergency of war. In that very radio speech, however, he quoted something said by the Prime Minister of this country (Mr. Mackenzie King); and when I give that quotation I think hon. members will see that he was going far beyond the necessities of the war. Again when I give this quotation hon. gentlemen will appreciate the far-sightedness of the Prime Minister, because this is what he said, as quoted by the present leader of the opposition:

> The war inevitably will be followed by a period of reconstruction which will impose new obligations and burdens upon all Canadian governments . . . All I am sure will agree that the sooner we are able to make the necessary adjustments, the better equipped we will be to finance the war and to cope with post-war problems.

That is a quotation from Mr. King that Mr. Bracken gave in Winnipeg following that conference. Then he had this to say:

> Is the dominion government to be excused from the discharge of that responsibility by the fact that the premiers of three provinces walk out of a conference? . . . If we are to face the post-war period with a governmental system that has proven itself incapable of dealing with the depression years, the dominion government—not certain provincial governments—must bear the responsibility.

Mr. COTE (Matapedia-Matane): If I may ask the hon. member a question, when this quotation was read was the leader of the opposition still the Liberal chief of the Manitoba government?

Mr. BENIDICKSON: That is correct, but I may say quite a change has taken place since that time. The leader of the opposition was enlisted in the hope that he could sell progressivism to the old guard of the Tory party, but I am afraid he has found that difficult, as we can see by his meaningless phrases on this crucial issue today. I am afraid Toryism has sold Conservatism to the Progressives.

If anybody stands out in the public mind today as the champion of the autonomy of the provinces; if there is anyone who would lead the public to believe that the provinces had been injured in some way by reason of these proposals, it is the premier of Ontario. I have done a little research, and I find that even in 1941 the views of the present leader of the opposition and Mr. Drew were not very dissimilar. In 1941 Mr. Drew, as leader of the official opposition in the province of Ontario, had views apparently quite the opposite of those he holds today. He went to Halifax—I imagine the climate was nice at that time—just at about the time of the Manitoba election. I looked up the records here in the house, and I find that his speech was given considerable prominence. Hon. members may be surprised at the headline: "Drew urges authority be centralized." He went on to say:

> Remedying Canada's system of overgovernment by more centralization of authority and attention to post-war employment problems were urged by Lieutenant Colonel George Drew, K.C., soldier, writer and leader of the Ontario opposition, describing Canada's overgovernment as the most colossally incompetent system in the world.

Then he went on to say:

> What we need greatly is to look at government from a business viewpoint, parallelling methods that a private business head office and nine branch plants would employ to promote more efficiency.

I am sure he would rise in all his hauteur today if anybody suggested he was operating a branch plant in Toronto for Mackenzie King and Company, with head offices in Ottawa. On that occasion he concluded his speech by saying:

> Canada's main problem was its decentralized governmental system, and the speaker declared a solution to that problem would ensure continuance of the national structure.

Probably at that time he thought, instead of stopping at Queen's Park, he would not be beaten out by the present leader of the opposition, so he was thinking in terms of the national party. Then I need hardly remind the house that in the province of Ontario no newspaper supports the present viewpoint—not the past viewpoint—of the premier of Ontario as does the Toronto *Globe and Mail*. Mr. Drew's champion in that respect stands out predominant in this province.

I should like also to read a brief quotation from a speech which was given by a prominent citizen of Canada, who is also a resident of Ontario. With the permission of the house I shall alter just one word in my reading of this speech and after I have read it, I shall point out to hon. members the word I have altered. This speech is quoted as follows:

> The Premier of Ontario is head of an unwieldy and costly government in the wealthiest and most fortunate Canadian province. It is an organization whose expenditures run close to $100 million annually. He is a clever man and knows well that the provincial government systems are altogether too costly, totally unnecessary and one of the principal causes of disunity in the country . . . I strongly urge him and all other provincial leaders to look squarely at the facts, provide some evidence of real public service, and let us get busy and scrap this expensive provincial system. National unity must come from within the provinces. Let us not, you and I, the people, be deceived by this clap-trap talk of provincial rights. It would be named better as politician's rights.

And later:

> The greatest service the Premier of Ontario could do for Canada, and something which would carry his name into history as a public benefactor, would be for him to state publicly what we all know; that our provincial governments are political misfits, that they are unnecessary duplications, luxuries we cannot afford, and endless causes of disunity.

In concluding his remarks, the speaker said—

> —that if the people of any part of Canada get into trouble, all the country must assist them. We could not shirk our responsibilities as fellow Canadians.

I promised hon. members that I would explain where I had used one word in substitution for the word appearing in the quotation. I used the words "Premier of Ontario" where the speaker actually used the words "Mr. Hepburn." But the speaker was Mr. George McCullagh, publisher of the *Globe and Mail*, who made the speech on January 22, 1939.

Mr. Bracken, Mr. Drew and Mr. McCullagh —the chief champions of what they call provincial rights and provincial autonomy at the present time! What do they use as the bogey on which to hang their hats with respect to

this argument? Hon. members are aware that they bring in the constitution—and that is always pretty baffling to the public. Mr. Drew, and also the premier of Quebec claim that the dominion has been invading rights which are theirs exclusively in the field of direct taxation. Let us look into that. The constitution is set out in the British North America Act, section 91 of which sets out the taxation rights of the federal government. In part, it says that the federal government has exclusive legislative authority for—

> The raising of money by any mode or system of taxation.

Then section 92 of that act sets out the rights of the provinces and, among other things, it says this:

> The legislature may exclusively make laws in relation to—
>
> 2. Direct taxation within the province in order to the raising of a revenue for provincial purposes.

Now, if the premiers of these hold-out provinces say that the provinces have a clear domain in direct taxation—and it seems that these provinces have a right to impose taxes of this kind—the constitution is, of course, with them. Of course it is. But if, however, they say that Ottawa has no right whatsoever in these fields, the constitution is clearly against them.

They are in a peculiar position, too, in that they claim they are resting on the constitution which they believe should be inviolate. It would require an amendment to the constitution to eliminate the federal government from the fields which they criticize the federal government for being in. Thus I say that, on the pretext of desiring to defend the constitution as an integral document, the premiers of Quebec and Ontario are, in reality, seeking to usurp powers specifically assigned to the federal government by the fathers of confederation; or, in other words, to whittle down the rights of the central government.

With respect to income tax, who entered the field of income tax first? The dominion government was in that field in 1917. Neither the province of Quebec nor the province of Ontario imposed income taxes until 1926. Yet they say there is intrusion upon their preserves. I know the argument is not of great importance at the present time, because we have found that, no matter how heinous would be this practice, these particular premiers are prepared to put up with this horrible and unconstitutional proposal, provided that the price is right.

The federal government, as we know, was represented by a capable group of cabinet ministers. At pages 508 and 509 of the proceedings of the conference, the Minister of Justice (Mr. Ilsley) is reported as saying:

> The courts have repeatedly held that the dominion government has equal rights to impose either direct or indirect taxation. And let me say right here that I dissent entirely from the view that the fathers of confederation were mistaken when they gave that right to the dominion government. Where would this country have been at the time of the first war or the one which has just closed had it not the right to go into the field of direct taxation?

The Minister of Justice said that this nation would be a nation with its hands tied behind its back; and I think all hon. members will recognize that that is a fairly accurate statement.

Another argument advanced by the provincial premiers is that there is something dangerous, something wrong, something demoralizing in the subsidies principle. The financial critic of the official opposition has brought in Sir Wilfrid Laurier, the Winnipeg *Free Press* and others to support him in that particular contention. The provincial premiers are alarmed at the percentage of their revenues that would come from the subsidies system.

I should like to remind hon. members that when this country became a nation, when the confederation agreement was made, the proportion of revenues to subsidies, with respect to both what it cost the dominion and what was received by the provinces, was greater at that time than it is under present agreements.

So I say that the real grievances, although they are used as a cloak, are surely neither the constitution nor the danger of subsidies; because we have seen that both of these premiers have indicated that at a certain price they will be prepared to do business.

I am reminded of a story I read in the *Reader's Digest,* in which Lord Beaverbrook was said to have been playing a game of hypothetical questions with a famous actress. In this game Lord Beaverbrook said to the actress, "Would you live with a stranger if he paid you £1 million?" She said without hesitation at all, "Of course I would." He said, "And if he paid you £5?" And she said, "What do you think I am?" He said, "We have established that; we just want to know the degree."

I say that obviously the two premiers have nothing on which to stand when it comes to a consideration of the constitution and the danger of subsidies. In fact, I should like to ask some of the federal members of the Progressive Conservative party—the hon. member for Kamloops (Mr. Fulton), the hon.

member for Vancouver-Burrard (Mr. Merritt), the hon. member for Souris (Mr. Ross), and some others who come from provinces from which there is at least a semblance of Progressive Conservative representation—whether they feel that their governments, and the members they have in those governments, have sold their provinces down the river by concluding agreements with the federal government. I believe the finance minister of British Columbia is a member of the Conservative party. I want to know whether they think that either they have been neglecting their province and have made a poor agreement or that the agreement was a good one and that these agreements are robbery as far as the provinces of Ontario and Quebec are concerned. I do not think they are. I do not think the constitutional bogey is the real motivating force when it comes to the opposition which we have been getting from the chiefs of the major provinces. I believe the premier of Ontario disclosed his real objection when he said at the last conference, as reported on page 1206:

I think it will help us reach the agreement which is so essential if we realize that most of the beclouding difficulties which still exist between complete settlement and the position we have reached lie in the fact that we do not proceed simply to substitute for one tax agreement another tax agreement to deal with the same problem.

What has led to the increasingly wide circle of discussion has been the introduction into that relatively simple problem of a great number of projected promises in fields which were in no way directly related to the tax agreement which was coming to an end.

What was he afraid of? He was afraid of the proposals for the extension of social services. However, he had time to think about the matter; he went out to lunch; he came back and in continuing that particular speech he said:

We are now faced with the statement that it is essential for the dominion government to have very large revenues because of the undertakings they have given.

He referred to the war costs, and then he went on to say:

I would recall that in addition to these obligations created by expenditures on war itself . . . we realize that beyond all these are obligations that have been incurred since January 6, 1944—

That is when he protested that he thought his own government had nothing to fear in introducing itself into social legislation, and he asked for a conference. He went on:

—to the extent of many hundreds of millions of dollars, in regard to which no province was consulted in advance. It may be that the dominion government is committed to the continuance of those obligations it has undertaken, a point which means they must carry on.

[Mr. Benidickson.]

Then, the following day he went on to say:

I said yesterday that a large part of the difficulty created for the dominion government was that instead of dealing strictly with the tax agreement they incorporated in these proposals a number of extraneous subjects which impose heavy additional burdens.

What is he thinking about? Social services. The proposals that had been made really exceeded the revenues that were ever received from those sources by these governments in days gone by. They claim that there is an invasion of provincial rights, but I say that that claim must be dismissed. I do not think they could find a lawyer who would support them in the statement that there is any invasion in that respect. I am sure that the real reason back of the opposition that we are getting is that they feel they can block the social security programme contained in these measures.

Mr. DEPUTY SPEAKER: I must inform the hon. member that his time has expired.

Some hon. MEMBERS: Go on.

Mr. DEPUTY SPEAKER: With unanimous consent.

Some hon. MEMBERS: Agreed.

Mr. BENIDICKSON: I will conclude by saying that I consider it necessary that each government should arrive at some financial agreement. I am the first to say that if a further step is to be taken—and it is promised that it will be taken before the agreements are made—we must have a conference for the parties to decide upon dominion and provincial jurisdiction when it comes to this necessary social services programme. I would not support the agreements if I felt that there was an invasion of the constitution, which I appreciate and which I know the members of the federal government appreciate as being very dear. I am sure that the fight which we have been reading about in the newspapers is a phony fight. The real reason these people are backing out of this conference, the real reason for their procrastinating and so on is that they cannot see that we are moving along very quickly with respect to these wonderful proposals for the people of Canada in the way of social services.

Mr. RODNEY ADAMSON (York West): Mr. Speaker, before I commence my remarks I want to deal with two things that the hon. member for Kenora-Rainy River (Mr. Benidickson) referred to in opening his speech. First, I want to correct something that he has assumed in error was said by the hon. member for Muskoka-Ontario (Mr. Macdon-

nell), the official critic of the opposition. He quoted the hon. member as saying at page 2803 of *Hansard:*

> . . . I suppose, there could not be a more inflationary measure and because it seemed to me that if that was the only way, or was one of the serious ways, which the government regarded as a possibility of dealing with this thing, or of finding a way out, then it seemed to me the matter was not being dealt with as it should.

The hon. member for Muskoka-Ontario was referring to the governor of the Bank of Canada who was reported in the newspapers as saying that a rise in the price of gold in the United States would be an advantageous thing for Canada. He did not oppose the statement made by the governor of the Bank of Canada; he simply said it was strange that the governor of the Bank of Canada should have said such a thing and it be admitted in the newspapers, because the whole reason for the definite reduction in the price of gold in Canada was that it was an anti-inflationary measure. The reason that statement was made was to show that, on the one hand, we had the government decreasing the price of gold in Canada because increasing the price of gold would be inflationary, and yet saying at the same time that an increased price of gold in the United States would be a good thing. On the one hand, you have the statement by the governor of the Bank of Canada and, on the other hand, you have the actions of the government. They do not jibe. Actually we are dependent, more than many of us like to think, upon the gold mining industry and in a minute or two I shall refer to that in more detail.

There is one other thing I wish to say with regard to the bullion tax put on by the previous Conservative or Bennett administration in the years of the depression. That bullion tax was a wholly iniquitous thing. I said so then and, in fact, I broke with my party on that issue. But let me say that the fathers of that bullion tax, the people who believed in it, the people whose brain child it was, are still officials of the Department of Finance; they are the people who are still responsible for the policies of this government. They are still there and the mining industry is still getting a short shrift.

Mr. ABBOTT: It is a good thing for Canada that they are still there.

Mr. ADAMSON: I hope the minister is correct, but I do not think he is.

There was a great contrast in the presentation of the budget this year with the presentation of previous budgets by the present Minister of Justice (Mr. Ilsley). There was a difference not only in the presentation but in the preparation. Previously the budget required a period of confinement, and one would see the Minister of Finance in a state of high emotion, full of care and worry over the secrets he held in his breast. This year the situation was quite different. There was a gladsome cheerfulness, even a spirit of levity before the presentation of the budget and it seemed that the minister sought company rather than the solitude of a lonely cell. The difference in result was equally pronounced and, instead of giving birth to a wild, strangling octopus with a well-fanged voracious mouth which fastened itself upon the vitals of the Canadian people, sucked their blood and ate their sinews, this budget was a more pleasant affair, but it was not the grand, brave, healthy child its parents could have wished it to be. Rather it was a somewhat misshapen infant whose producers were forced to emphasize one part of it, leaving the rest of the body covered to prevent close inspection. It is with regard to what remains covered that I wish to speak today.

Heretofore in this house I have spoken on mining. I have tried to plead with the government to save the industry, particularly the gold mining industry. They have not listened; in fact, they have done the very things which are most likely to destroy the industry entirely. I will not go into the figures again, but I merely wish to say that if present mining costs continue at the same rate of increase as they did in the last calendar year, by the end of the year there will be only eight to ten straight gold mines which can operate at a profit. In the beginning of the depression years there used to be a saying in mining circles, "the big eight". It would appear from the government's policy that we are to return to a period when we can say, "not the big eight," but merely "the eight" which are getting by.

To show you, Mr. Speaker, that mining costs are still going up, two increases were made recently, an increase of ten per cent, I think, on dynamite, and another increase on steel. Prices of materials required by the mines are still rising.

The facts are simple, and they are these. If a mine can produce an ounce of gold after taxes and development for less than $34.80 an ounce, it can make a profit. If it cannot do this, it cannot make a profit. If it cannot make a profit, it cannot continue to operate. As a matter of fact, a great many mines will continue to operate, and are, in fact, operating

now, when they should in their own interests be closing up, so that they may preserve their treasury until such time as the economic planners of the world's currencies realize that you cannot restore world trade with fantastically overvalued currencies. This may take years, and the mines which are now unable to make a profit or which see the handwriting of eventual suspension of operations as inevitable should take action now to close, and preserve their assets while they have them.

This is not an advocacy of doom. It is merely looking at the facts of the case as they actually exist. Many mines are today merely trading dollars. They are taking the ore out of the ground for what it costs them and they are exchanging it for dollars. That is what is happening. I am not going to mention the camps, but in a great part of the province of Quebec mines are operating today with no profit or at a loss. The ore in these mines is being depleted and, once gone, it never comes back. The net result is that we have today a number of mines which are merely trading dollars. Once the costs rise higher, those mines will be operating at a loss, and once that happens—and I assure you, Mr. Speaker, that it is happening at a number of mines right at this very moment—there is eventually only one thing that can happen to these mines and that is they must close. I suggest that many of them should preserve their assets, not take out their rich and high-grade ore, not deplete their treasury, but preserve their assets now so that when we have a realistic foreign policy and a different policy with regard to exchange from the present one they will be able to reopen and provide Canada with the necessary gold and exchange which we shall need when the reconstruction period really begins.

I come now to the reasons for the parity action taken by the government last July. The excuse for this offered by the government, that rising prices in the United States would cause rising prices in Canada, is open to question. However, if we assume that this supposition is correct, is it likely that an adjustment of currency of ten per cent will offset the impact of United States inflation on the Canadian price structure, particularly as the result was to establish two types of Canadian dollar, the external or free dollar, and the internal or controlled dollar, the former selling at a discount of approximately ten per cent?

I think we must look deeper for the reason for parity. We must look to external pressure put on this government to force them to take this move. What could that external pressure have been, and where could it have come from? I think it is reasonable to say that it could have come only from Washington, but what were the reasons that it did come? What lever could be employed by the United States government on the Canadian government to make them take this action? The lever could only have been an economic one, and it could not have been a tariff threat. Therefore we are left with the necessity of finding some other cause. We know that the Canadian exchange position was giving us an advantage over the United States in world trade, particularly in South American trade. We know that subsequently the United States trade with South America grew until it has become the largest segment of United States foreign trade. We know that it was important for the United States to foster this trade, and to do everything they could to increase it. Their most serious competitor in South America was Canada.

Last July, when the OPA ceilings were removed the present United States government was going through its most unpopular period in its own country; in fact, the Gallup polls showed that the present administration sank to an all-time low in popular appeal about that time. The country was beset by strikes of a desperate nature and foreign orders could not be filled. The situation was bad enough in Canada, but it was not quite as bad as it was in the United States. Therefore it would benefit the United States to have the ten per cent trading advantage enjoyed by Canada in the South American markets removed. What could be done to put pressure on Canada?

About the time the OPA was removed, the United States congress was in a recalcitrant mood. There was an important piece of legislation going through congress at that time, namely the British loan which is known as public law No. 509, chapter 577. We had already agreed to a loan to Britain, but the United States had not agreed to their loan of $3¾ billion. It was obviously important to Canada that the United States loan to Britain should go through, and this was clear to Washington. Here, therefore, was the opportunity for Washington to put pressure on Ottawa; here was the chance for a deal. Reliable sources have told me that a deal was made, and for placing the Canadian dollar at par with the United States dollar the United States administration gave assurance that the British loan would go through. The public facts are these and the dates are as follows: The OPA was ended on June 30, against the wishes of the administration. The then

Minister of Finance for Canada made his statement regarding parity on July 6, and the United States congress passed the British loan on July 13. These dates are important because they quite entirely fit in with the information I have. This, I suggest, was the true reason why the Canadian dollar was put on a par with the United States dollar. At the time that the legislation was going through, we know there was interference by the United States government in Palestine. We have the statement of the British government at the time that, had there been no interference, a solution of the Palestine problem might have taken place. I think it is important that that fact be associated with the other, because it shows how Washington interfered in another situation.

I mention this here because it shows the vulnerable position of Canada in any squeeze play of that kind being exerted between the United Kingdom and the United States. I contend, Mr. Speaker, that we are going to suffer and suffer seriously if we do not maintain facilities within our own country to protect our currency. The best and greatest protection of the Canadian currency is gold, and a large gold production.

The result of the parity action has been, amongst other things, to create two types of Canadian dollars. The foreign exchange control board calls it the "unofficial Canadian dollar". New York sources have stated that the market for unofficial dollars is running at the rate of several hundred million a year. Be that as it may, the fact remains that we have an external currency selling at a discount of eight per cent to ten per cent and, in my opinion, it is likely to sell at a greater discount in the course of the year. One of the unfortunate results of this is that the United States tourist, knowing that his money is at a premium over ours, will demand that premium when he visits Canada, and there will be constant arguing and bickering between Canadian hotelkeepers and retail merchants and the United States tourists who will receive only one Canadian dollar for every United States dollar. One of the unfortunate aspects of this is that the average United States citizen knows little about foreign exchange. He will not change his money at the discount rate at his own bank before he visits Canada. He will, therefore, arrive in Canada with his pockets full of United States currency, and many of them will consider they are being cheated if they do not get the free or unofficial United States premium on their own currency. In fact, we are to a minor extent doing what Germany did in establishing the tourist marks for sale outside Germany at a considerable extent over the pegged exchange rate, the only difference being that we are doing it unofficially and against the government's wishes, whereas the German did it as a set fiscal policy.

I come now to the question of our adverse balance of trade with the United States. The Minister of Finance (Mr. Abbott) agrees that the situation is serious, but in my opinion it is far more serious than he believes. The official holdings of gold and dollars in the past year declined by $263 million, and our adverse balance of trade with the United States was $603 million. At the end of the year our holdings of gold and dollars were $1,200 million. We received substantial imports of gold of $150 million purchased from the United Kingdom, $87 million from countries other than the United Kingdom and the United States, largely for UNRRA account, and $103 million by what is termed "capital inflows and exchange adjustment." Nothing is said by either the foreign exchange control board or the minister as to whether these substantial sums are likely to be repeated during the present year. Therefore we must assume that we shall have to meet a $600 million deficit to the United States in hard currency and gold, largely from our own resources.

It is stated by the government that in July we should be able to exchange sterling for dollars. This, I think, is counting one's chickens before they are hatched and does not recognize the steadily worsening economic and political picture of the United Kingdom and all Europe. If we are unable to obtain the right to convert sterling into dollars our position will be truly desperate. I want to quote from an official statement of the government itself, a statement made in "Foreign Trade" by A. E. Bryan, commercial counsellor for Canada in London, at page 835. He says this about United Kingdom trading position:

> The internal financial problems of this country are, in the official view, relatively easy compared with the external difficulties created by the heavy adverse balance of payments. The chancellor of the exchequer, in submitting the budget to parliament, declared that no other country in the world, without exception, faced so difficult a problem. The sterling balances would never have arisen had lend-lease been the common rule among all the allies, and he pointed out that this huge balance could never be discharged, or even diminished, except by unrequited exports. In 1946, the total oversea deficit of trading account was £400,000,000, but the gap in 1947 will be considerably higher unless vigorous action is taken to reduce it.
>
> The accounts with soft currency areas just about balanced last year, so that the hard currency deficit on current trading in 1946 was approximately equal to the total oversea deficit.
>
> In 1947 the hard currency deficiency is likely to be substantially higher. The dollar prices

have been rising and the United Kingdom authorities have been drawing much faster than they intended on the United States and Canadian credits. The essence of the difficulty, according to the chancellor, is that the United Kingdom has too much to buy for dollars because too little comes forward from the rest of the world. It has so far been selling too little for dollars, although it is hoped that the results of the international trade organization conference will help by increasing the flow of international trade.

This is a statement of the Canadian trade commissioner and can be assumed to be an official statement. Therefore we have a stark and official statement of the difficulties we are to expect in our international trade this year. I submit that, despite anything that he said, any hopes that he may have, we shall find it almost impossible to obtain gold for sterling without seriously, and tremendously seriously, disrupting the equilibrium of the United Kingdom's financial picture. That is a thing which this government or any government must be very careful about doing.

I do not want in any way to criticize the United Kingdom, but there are certain physical and inescapable facts which we must recognize. They are not the fault of any government, although, in my opinion, they have been intensified by the nationalization of industry in England; nevertheless they cannot be charged to the Labour government.

The first of these is that, even in the best of times, the United Kingdom cannot grow enough food to feed its population. The second is that, in order to obtain money to purchase the food it needs from foreign countries, it must export goods in exchange for the food. The third is that, to export goods, it must manufacture, and, to keep the wheels of its factories going, it needs primary power which, in England, comes almost solely from coal. The fourth fact is that the production of coal has declined, for physical and political reasons, to a degree where the output is not sufficient to keep the country warm and the industries going.

Prior to the war, Britain drew on her investments abroad to purchase the food she needed to keep her going. All these investments have now been liquidated. These facts, which form a vicious circle, are bound to force the United Kingdom into one of three courses. She can default entirely on the repayment of her loans abroad both to us and to the United States. She can export her industries and, with them, a sufficient percentage of her population to make it possible for the home agriculture to feed those who are left. The third possibility is that she may starve. There is no other way out. If we do not recognize the handwriting on the wall we shall continue to allow the situation to worsen and eventually be dragged down into the whirlpool of international bankruptcy.

I want to mention one thing here, and that is that instead of exporting capital to England we should be importing her industries and large parts of her population. If there is one thing that made the Canadian war effort a success, apart from the courage and energy of our people, it was the fact that the Canadian worker could command a great volume of primary power. Every Canadian worker had at his hands several horse-power of energy, whereas the worker in the United Kingdom had only a fraction of a horse-power. This important economic fact has never been sufficiently appreciated. The English today have the skills, and, despite the outbreak of wildcat strikes and other disquieting political phenomena, they still have energy. Not being a medical man or a psychologist, it is impossible for me to say what connection there is between the strange behaviour of the English people from time to time and the lack of food, and whether the political frustration which we find so alarming is not really caused by a condition of semi-starvation.

However, no matter what the reasons are, the results are just the same. Unless steps are taken to bring the British economy into equilibrium, the consequences will be desperate for the whole world but will be an absolute catastrophe for Canada. The first warning of what is to come is in the statement of the foreign exchange control board that our adverse balance of trade to the United States is $603 million.

The United States exchange situation is serious. There are three ways in which the government can stop this continuously accelerating adverse balance of trade with the United States. The first measure is, of course, the imposition of special tariffs against United States goods, which will prevent their entry into Canada. This the government will be loath to do, and, in view of the pious hopes expressed about the Geneva conference, I would think that at the present time it would be a retrograde step.

The next course open to the government would be to devalue the Canadian dollar. This would be tacitly admitting their mistake of last year and, if they have a secret agreement with the United States government, would be impossible. Furthermore, the devaluation of a mere ten per cent now would be wholly inadequate to arrest the adverse trading position.

The third step would be to reimpose wartime restrictions on exchange, and these wartime restrictions would have to be considerably more stringent than those imposed on Cana-

dians during the war itself. We would have to make it virtually impossible for our citizens to obtain United States dollars, unless it was for the most vital needs, and we would have to prohibit Canadians from visiting the United States except in cases of the most dire sickness. There are no other ways out of the dilemma.

A great deal of hope has been placed on the international bank and the international monetary fund. The international bank has made its first loan of $250 million to France. This is a reconstruction loan. In other words, it is for relief, and it shows, I think, that the bank is being used as a relief agency. It is assumed that the United Kingdom will have exhausted her present loan by 1948 and will in that year require a further loan of at least $1 billion. Now, Mr. Speaker, the capital of the international bank is given on paper at $10 billion. If the nations already members subscribe their full amount, the capital is reduced to $7⅞ billion. However, in May, 1947, the break-down is that there has been subscribed $720 million in gold, $80 million in hard currency and $800 million in what is called less easily exchangeable currencies. Therefore, to be hard-boiled, the bank's capital, instead of $10 billion, is only about eight per cent of this. It seems to me that, since the United States is the principal backer of the bank, and, in fact, is obligated to put up about thirty-seven per cent of the capital, there will come a time when a political reaction in the United States will set in and, because the bank is dependent on action by congress—public law No. 171 passed by the 79th congress—it seems to me that we are running the extreme danger of having the Americans become rather tired of putting up all this money. We are, I feel, reverting to the old fallacies that we followed after the last war. That is, we are believing that we can maintain prosperity and prevent mass unemployment largely by the export of capital. I think our experience, and particularly the experience of the United States in 1929 and 1930, should be a great warning. If we try this method again I feel we shall have to export capital at an ever increasing rate, and that, once it is started, we shall not be able to stop it without immediately causing an international financial crisis of enormous repercussions.

Despite the fact that it is to be devoutly hoped that the Geneva conference will result in a lowering of tariffs. this in its turn cannot prevent a depression, because it takes away the flexibility which the imposition or the relaxation of tariffs provides for in national industry. I think also that we are whistling in the dark to keep our courage up if we expect countries to synchronize their fiscal policies to agree with the over-all policy of the world bank. Frankly, I believe it is impossible, because the economies of countries vary so greatly and their fiscal needs are so different. We cannot expect any government to give up its fiscal autonomy. We see this even in Canada where two provinces are, quite rightly I believe, refusing to abrogate these powers.

Now, Mr. Speaker, what does this add up to? This adds up to the stark fact that we are going into the hole at the rate of 600 million United States dollars a year. We know we shall have to lend more money in goods, in cash and in services to the countries of Europe, and possibly Asia. We hope we are going to be repaid, starting July 15, from sterling currencies transferable at the fixed rate of $4. Even if this happens we are not out of the woods and, unless a radical change in the whole economic picture of the United Kingdom takes place, it does not seem possible that the sterling released will be sufficient, or will continue to be paid in sufficient volume for us to meet our adverse United States balance.

I want to say here that we may, and I expect we shall, come to the point where we are placed in this position. We may be able legally to demand sterling exchangeable in dollars to meet our adverse balance of trade. But by so demanding it, we may so jeopardize the economy of the United Kingdom and of Europe that it will make it virtually impossible for us to do it. Believe me, Mr. Speaker, we in this country cannot in peace time see the United Kingdom face bankruptcy and internal troubles any more than we could in war time not protect the United Kingdom physically with armed force. It is just as vital now that her economy continue in a healthy state as it was that the very life of that island should be preserved during the war. Therefore I say that we are taking one of the most colossal gambles in history. We are making the same mistakes as we made after the last war on a tremendously enlarged scale and, because of our fiscal policy with the United States, we are leaving ourselves vulnerable to squeeze play by that country or by the United Kingdom.

Production and production only can be our salvation, but we must produce the things that the world wants and must have. In an economic upheaval, one of our best and surest safeguards would be an abundant gold production and gold reserves. Our parity policy with the United States is certainly destroying

our gold production and, despite the figures for last year, is seriously jeopardizing our gold reserves. To tie the Canadian dollar to the United States dollar at this stage in the reconstruction was one of the most dangerous steps any government could have taken. We have seen the results of the action taken by Sweden, in that she has had to put a complete embargo on all imports. The same forces that impelled Sweden to do this are at work in Canada; and I say to you, Mr. Speaker, that unless and until we are prepared to maintain and stabilize our own currency for the good of ourselves and not for the good of others, we are jeopardizing the whole economic life of the country.

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, I had intended to confine my remarks to matters dealt with in the budget speech, but as a consequence of my visit to the united nations in New York, and certain incidents which have arisen since then, I shall have to defer my criticism until a later day. I might pause here, however, to compliment the minister on his really amazing versatility in handling one department after the other with such apparent ease.

The subject I wish to bring up this afternoon is a statement which appeared in the press of May 7. I am quoting from the Ottawa *Journal,* which reprints an article taken from the New York *Post* in reference to a statement made by the anti-defamation league, and it quotes the league—

—as saying that Jaques had addressed "nationalist" rallies in various parts of the United States recently with Gerald L. K. Smith, leader of the newly organized Christian nationalist crusade. Smith told a press conference here yesterday—

That was in New York.

—that the crusade's ten-point programme includes preservation of the United States as a Christian nation, exposure of communism, and the "safeguarding of America against the menace of bureaucratic fascism."

I may say that my reply to the press locally was as follows:

The Zionist terrorists are not confined to Palestine; probably the most poisonous of them are at work outside Palestine, on this side of the Atlantic. Personally, I don't give a damn what they say. I'm not going to try to defend myself, but I am prepared to attack this common enemy of a free people any time or anywhere. This is the Zionist—that is the political zionist-communist front which is just as much a terror here as in Palestine.

Then, as a result of further statements in the press, the leader of this group, made a statement on May 12, which appears at page 2982 of *Hansard:*

[Mr. Adamson.]

. . . I want to make it clear that neither the social credit movement in Canada nor the group of Social Credit members in this house takes its lead from Gerald L. K. Smith, nor is associated with him in any way.

I can confirm that statement. I neither take my lead from Gerald Smith, nor does he take his lead from me. Then the hon. member for Peace River (Mr. Low) went on to say:

The social credit movement finds its inspiration in the constructive principles of abundant living as taught by the Saviour of mankind, and in the economic teachings of Major C. H. Douglas of Scotland.

Let me say at once that all social crediters will agree to that. Social credit is the policy of a philosophy and, to put it as shortly as possible, I would say that policy could be defined as a Christian nationalism, that is, Christian in its widest sense, not in any sense of organized religion, but in the sense of the ideals as laid down in the Christian gospels; while we take "nationalism" to mean loyalty to one's own country. If any member of this house is opposed to Christian ideals and is not loyal to his own country, will he please get up now and testify? Now is the time; if there is anyone who does not agree with that, let him get up and say so or forever hold his tongue on this subject.

Mr. HARTT: Christianity is more than a form.

Mr. KNOWLES: It is also international, not national.

Mr. HARTT: It is international; it belongs to no one. I am going to sit here and listen to this philosopher.

Mr. JOHNSTON: It might do you some good.

Mr. HARTT: He might learn more from me than I would learn from him.

Mr. JAQUES: I do not want any interruptions, either.

Mr. DEPUTY SPEAKER: Order.

Mr. JAQUES: Why should I be referred to as a "notorious" Christian nationalist? Why should anyone be notorious who publicly defends the ideals of the Christian way of life, and defends the principle of loyalty to his country? Let me quote from a speech made in this parliament:

I wish to protest against the idea that any flag is a Christian flag. This idea is something that we have heard from many who today are dead but the germs of whose ideas are still being disseminated. Goebbels is dead, but his ideology seeps even into this House of Commons. The swastika was also a flag, and it represented a system of barbarism and persecution.

That statement was made in this house by Fred Rose, a convicted communist spy, and it explains why communists hate Christian nationalism. According to the Marxian communists there must be one world flag, the hammer and sickle, the symbol of international atheism and slavery.

Let me give briefly my reasons for addressing meetings in the United States. In the first place, I was invited to address audiences by reason of certain speeches I had made in this house. I accepted, and went first to Detroit, where I addressed a large number of people. I am not going to enter into any details at all, nor am I going to defend my action. I think anyone who is familiar with the situation in the United States will admit, as I found to be the case, that there was and still is a tremendous anti-British propaganda carried on there. I addressed audiences in various cities, including Detroit, Chicago and St. Louis; later on, Los Angeles and cities up the Pacific coast, and quite recently Philadelphia. My reason for going, mainly if not wholly, was to see what little I could do to bring about a better state of feeling between the British and United States peoples. I believe I can make the claim that, at least to some extent, I have brought about a better feeling between our two peoples.

To show the necessity for this, let me quote the words of an American who visited western Canada last fall, and who addressed meetings in various cities in Canada. I take this from the press reports of his meetings. He is reported to have said:

> In Palestine the Jews do not believe that the British empire should be preserved. They believe the British should be driven into the sea, and the issue left to the Jews and the Arabs—

Mr. HARTT: That is not true. Why do you quote it?

Mr. JAQUES: Because he said it.

Mr. HARTT: Who said it?

Mr. JAQUES: I have told you; please listen. It continues:

> . . . and the issue left to the Jews and the Arabs, with Russia in the background. Fascism is immensely strong in the United States today and there is intense anti-Semitism. Anything that happens in the United States is reflected in Canada, and Jews must fight fascism by supporting Russia through labour unions and progressive action on political issues.

Those are the words of Albert Kahn—

Mr. HARTT: That is what Hitler said.

Mr. JAQUES: Mr. Albert Kahn, formerly editor of the anti-defamation league's radio programme, "The Hour". I do not believe that Albert Kahn spoke for the majority of the Jews. He spoke for the communist part of them.

Mr. HARTT: That is possible.

Mr. JAQUES: And I do not believe, either, that the majority of Jews in this country, or in the United States or in any other country are involved in communism, or in driving the British into the sea; because nowhere have they received better treatment than they have in Great Britain and in the British dominions.

Mr. HARTT: We could not live in Palestine without Great Britain, and we know it. It is true.

Mr. LOW: There is no quarrel about that.

Mr. JAQUES: No quarrel at all.

Mr. BLACKMORE: Fight the enemy; we are not your enemies.

Mr. JAQUES: Let me quote from a United States magazine, *Destiny*, particularly from an editorial headed "Anti-Defamation League", and stating:

> Sinister forces in our midst have done their work well, spending millions to suppress the truth, that we Americans may not know the devilish and diabolical programme by which the enemy within hopes to take over this great nation and enslave its people. The activities of this organization reach into every city, constituting a secret police in our midst, watching and listing our citizens. But read the facts, for free government in the United States is at stake, as well as the life and liberty of millions of innocent men and women. We have time yet to take action, but if we wait much longer it will be too late.

As proof of the power of this anti-defamation league, let me remind the house of meetings which took place in Ottawa a year ago last winter. We remember the meetings of the political zionists, one of which was held in this very house, which was well attended, and for which those who attended received no stigma.

Let me compare that with certain meetings held by the Canadian Arab friendship council. A dinner was held in the Chateau Laurier, to which were invited perhaps a hundred of the key people in Ottawa, including representatives from the churches, the professions, the city government, the civil service and members of parliament. Out of those hundred, I believe there were twelve or thirteen members of parliament. I do not think one businessman, or one representative from the professions or the churches accepted the invitation.

I asked friends of mine who are businessmen in Ottawa, and who were invited to the meeting, why they did not come. They did

not hesitate to say that they did not dare to come, beause had they been seen there their credit would have been injured.

The same thing happened in Edmonton. When I returned home from Ottawa I was asked to address a dinner meeting at the Macdonald hotel in Edmonton. This meeting was called by the Canadian Arab friendship league. Again sixty or seventy of the key people in Edmonton were invited to attend, and again less than a handful—a half dozen, I think—put in an appearance. They told me the same thing, that they were frightened of the anti-defamation league. That is the truth, and what is the good of hiding it?

Mr. HARTT: No, it is because the speaker was boring.

Mr. JAQUES: Very funny! Very funny, indeed!

Mr. HARTT: We will get acquainted.

Mr. KNOWLES: You are going to be all right, over there.

Mr. HARTT: We are going to be pals.

Mr. JAQUES: I have no quarrel, nor can I have any quarrel with any one loyal to Canada and to the British commonwealth. But I give fair warning that I will fight any man who is out to betray our country and to turn it over to the tender mercies of the communists. I am going to fight him, and I don't care whether he is Jew or Gentile.

Mr. HARTT: That's the boy; we are with you. Stick to your guns.

Mr. JAQUES: Let anybody get up and—

Mr. HARTT: But don't shake all over the place.

Mr. LOW: I see you are wearing your pants thin.

Mr. HARTT: I don't follow it.

Mr. LOW: Don't make foolish remarks, then.

Mr. HARTT: Of that you are a good judge.

Mr. JAQUES: I do not want to be interrupted continually. What is this criticism? What is this fear? What is behind it? What does it amount to? It is nothing but character assassination, and great principles are involved. Evil men have gained control of propaganda, and they can smear and assassinate the character of anyone who dares to raise his voice against them. Give a dog a bad name, and hang him. Smear a public man by misquoting what he says and prevent him from answering by refusing to publish what he does say, and he can be destroyed as thousands of honest, patriotic public men have been and are being destroyed. This is nothing but the modern version of lynch law by which honourable men can be morally lynched by the masses, so-called public opinion, which is fed on the lying propaganda of these character assassins. The masses can have no opinion of their own; they are indifferent to the truth and too cowardly to defend it even if they know the truth. Only responsible, free individuals can be brave and just and moral. The masses are mobs and a mob rules by lynch law. That is how dictators gained power in Germany and Russia, and that is how the communists hope to gain control of the world.

What is a fascist? I was surprised when I looked up the definition of the word "fascist" in the encyclopedia and found that it means anti-communist. When addressing audiences in the United States and in Canada I have noticed that when I spoke against communism invariably the word thrown at me was "fascist". The chief communist smear is anti-Semitism. That serves a double purpose. It frightens public men from denouncing the activities of the communists and at the same time it frightens Jews who are not communists—and they are in the majority—into running to the communists for protection and paying them for it. That is well known.

What is a quisling today? I asked that question the other day in the committee. We were discussing displaced persons who had been sifted out in order that a certain percentage might be brought to this country or to the United States. I wanted to know how they had been sifted out, and I was told that the quislings and traitors had been sent back whence they came. Then I said, "What is a quisling today?" It is quite clear that if Russia was helping to do the sifting anyone who opposed communism would be called a quisling and be sent back to Russia for punishment. Hundreds of thousands, not to say millions of people have been sent back to Russia to their death or to worse than death, while the united nations, we included, have stood by and nobody has raised his voice against it because, if they did, they would be smeared by the anti-defamation league.

Communism is not an economic question. In the United States some of the richest men are leading communists, multi-millionaires like Marshall Field, Mr. Corliss Lamont, a partner of Morgan's, and others. I suppose the most communistic community and perhaps the richest community in the United States is Hollywood. I have been there and I know that to be a fact. The essential nature of

communism is that it is anti-Christian. Unless we realize that, we cannot understand it nor can we deal with it.

There have always been communist agents working in all groups, in all organizations and in all parties. This is not the first time that I have been threatened by the communist secret police. Some of their agents are working within our movement. One such was detected a few years ago, and among his papers was found a note reading:

> There always are certain individuals prominent in the social credit movement who will deserve careful attention. Jaques is one of them. In my opinion this man is most dangerous to our cause.

That is, to communism.

> Despite our efforts we have never been able to unseat him. Watch him carefully, he has many followers.

In essence Marxism is anti-Christian and, until that basic truth is realized, we can neither understand it nor cope with it. Karl Marx, the father of communism and socialism, was an atheist. He hated all religion as the opiate of the people, but above all he hated Christianity. The whole issue before the world today is clear-cut. We must choose whether we are to advance according to the ideals of the Christian gospels, or whether we are to retreat to world slavery according to the doctrines of Karl Marx. That is the one all-important question. All other questions depend upon it and, until it is settled, there can be no peace in the world.

Soon or later we must all stand up and be counted. I have many friends in the United States, fine, fearless people who are fighting the communist enemies of their country and of our country. I should be sorry not to meet them again. But my mind is made up; I am in a fight to a finish against the red communists and pink fellow travellers. I shall not be stopped by threats. My silence is not for sale at any price. You shall know the truth and the truth shall make you free.

On motion of Mr. Zaplitny the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. MACKENZIE: Last week I intimated that the debate on the budget would be proceeded with without intermission until concluded, but I find there are two important expeditions of adventure in the course of public duty which will take some of our most prominent supporters and adherents away from the chamber. I am, therefore, compelled to ask the permission of the house to vary the promise I gave them last week about the budget debate.

Mr. COLDWELL: Will it be called a fruitless expedition?

Mr. MACKENZIE: The expedition will be crowned with success.

Mr. KNOWLES: A wild goose chase.

Mr. ROWE: In view of the expedition, does the minister expect any of his colleagues not to return?

Mr. MACKENZIE: No. That is a distinction which my hon. friend once enjoyed but which I have never enjoyed.

Mr. ROWE: I returned to the house, though.

THE ROYAL ASSENT

A message was delivered by Bonner Larose, Esquire, Acting Gentleman Usher of the Black Rod, as follows:

> Mr. Speaker, His Honour, 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, the house went up to the Senate.

And having returned.

Mr. Speaker informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name royal assent to the following bills:

An act to incorporate Conference of Mennonites in Canada.

An act to amend the Inspection and Sale Act, 1938.

An Act to amend the Militia Act.

An act respecting a national wild life week.

An act respecting the Toronto, Hamilton and Buffalo Railway Company.

An act respecting compensation for government employees.

An act respecting British Columbia Telephone Company.

An act respecting the appointment of auditors for national railways.

An act to amend the Canada Evidence Act.

An act to amend the Canada Evidence Act.

An act respecting export and import permits.

An act to amend the Immigration Act and to repeal the Chinese Immigration Act.

An act to provide for the sale and export of agricultural products.

An act to amend the Canadian Wheat Board Act, 1935.

An act to amend the Patent Act, 1935.

An act to provide for the continuation of certain orders and regulations of the governor in council for a limited period during the national emergency arising out of the war.

An act to continue the revised regulations respecting trading with the enemy (1943).

An act respecting Guaranty Trust Company of Canada.

An act to incorporate Quebec North Shore and Labrador Railway Company.

An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1948.

On motion of Mr. Mackenzie the house adjourned at 6.08 p.m.

Thursday, May 15, 1947

The house met at three o'clock.

PRIVILEGE

MR. ILSLEY—REFERENCE TO STATEMENT OF MR. ADAMSON IN DEBATE ON MAY 14

Right Hon. J. L. ILSLEY (Minister of Justice): Mr. Speaker, in the absence of the Minister of Finance (Mr. Abbott), and because I was Minister of Finance at the time, I rise on a question of privilege in regard to the charge made yesterday during the budget debate by the hon. member for York West (Mr. Adamson), that the Canadian dollar was restored to parity with the United States dollar last July as the result of pressure from the United States. In brief the hon. member claims to be reliably informed that a deal was made whereby in exchange for placing the Canadian dollar at par with the United States dollar—

Some hon. MEMBERS: Order.

Mr. ILSLEY: —the United States administration gave assurance that the British loan would go through.

Mr. FLEMING: I rise to a point of order.

Some hon. MEMBERS: Sit down.

Mr. SPEAKER: Order.

Mr. FLEMING: I contend that this is not a question of privilege. The statement of which the minister complains was made yesterday in the course of a debate which is still current in the house. If something was said which requires correction, that should be done in the course of the debate. It is not a question of privilege.

Mr. SPEAKER: I am of opinion that the statement being made by the Minister of Justice concerns a matter of public importance, and as such would be a matter of privilege.

Mr. FLEMING: With respect, Mr. Speaker, I suggest that even if it is a matter of public importance any such charge should be answered in the course of the debate.

[Mr. Rowe.]

Mr. SPEAKER: I believe it is in the interests of the house—

Some hon. MEMBERS: Oh, oh.

Mr. SPEAKER: Order. I believe it is in the interests of the house and the interests of the public that the correct information should be given by the minister on a question of such importance.

Mr. ROSS (St. Paul's): On a question of privilege, Mr. Speaker, there were ministers of the crown in the house yesterday at the time that statement was made, and this is not the time for a statement to be made in reply. It should have been made then.

Mr. SPEAKER: The hon. member has no question of privilege. The point of order was raised; I have given my ruling, and I would ask the minister to proceed.

Mr. ILSLEY: The statement made by the hon. member for York West was so absurd on its face that had I been in the house at the time—

Some hon. MEMBERS: Order.

Mr. ILSLEY: —which I was not, probably I would not have gone to the trouble of denying it. But to my surprise the statement has received wide publicity in the press and on the radio.

Mr. LENNARD: Rightly so.

Mr. ILSLEY: So, lest someone believe the statement, I wish to deny it forthwith, without any qualifications. I wish to deny that any pressure was at any time exercised upon Canada by the United States or any other country to restore our dollar to parity, or that there was any prior discussion of the proposed action—

Mr. CASE: This is the first explanation you have ever given.

Mr. MACKENZIE: And you don't like it.

Mr. LENNARD: That is all you have to say.

Mr. MACKENZIE: You never have anything to say.

Mr. ILSLEY —with the authorities of the United States or of any other country. The action was taken by the government of Canada completely on its own initiative, and for good and sufficient reasons, in the interests of the Canadian people as a whole.

It is most unfortunate, in my opinion, that circulation should be given to such mischievous rumours which are totally devoid of any foundation in fact.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

PEACE TREATY WITH FINLAND

Mr. CHURCH:

1. Has Canada yet signed the peace treaty with Finland adopted by the united nations at Paris recently, as set out in the white paper, tabled No. 7?
2. What action has been taken in the matter by Canada?

Mr. ST. LAURENT:

1. Yes.
2. Canada has not yet ratified this treaty.

OLYMPIC GAMES

RELATION OF CANADA TO OLYMPICS COMMITTEE—APPOINTMENT OF MEMBERS

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I should like to ask a question of the Prime Minister, arising from an article in the Ottawa *Journal* of today to the effect that His Worship the Mayor of Ottawa has asked the government to look into and investigate the olympics committee. Do the people of Canada contribute to that committee, and does the government in any way recommend any of the appointments made in connection with it?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should like to be exact in making my reply. In the circumstances I shall have to ask my hon. friend to let the question stand as a notice.

FOOD

SHORTAGE IN EUROPE—REQUEST FOR REMOVAL OF CEILINGS ON AGRICULTURAL PRODUCTS

On the orders of the day:

Hon. W. EARL ROWE (Dufferin-Simcoe): Mr. Speaker, in view of the critical food situation in Great Britain and Europe, and the almost starvation conditions in many zones, will the government give consideration to the removal of all price ceilings from agricultural products so as to restore production, which has been steadily declining in the last two years?

Some hon. MEMBERS: Answer.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I might say for the Minister of Agriculture (Mr. Gardiner) that he evidently considers he is not the whole government.

Mr. CASE: That is news.

PUBLIC WORKS

WHARF FACILITIES AT NORTH SYDNEY, N.S.

On the orders of the day:

Hon. ALPHONSE FOURNIER (Minister of Public Works): Mr. Speaker, yesterday the hon. member for Cape Breton South (Mr. Gillis) inquired as to the intentions of the government concerning new wharfage facilities at North Sydney. His question was based on a telegram he had just received. The hon. member for Cape Breton North-Victoria (Mr. MacLean) had received a similar telegram at the same time, and handed me a copy of it so that I might make an investigation.

I understand that at North Sydney the government has two wharves, one of which was completed last year at a cost of $500,000. Any new project contemplated for North Sydney would be part of the post-war reconstruction programme; and if the government decided to build a new wharf, an item would appear in the estimates.

BUTTER

INQUIRY AS TO DATE OF ESTABLISHMENT OF FLOOR PRICE

On the orders of the day:

Mr. R. E. DROPE (Northumberland, Ont.): Mr. Speaker, I should like to ask about a matter of urgent public importance, as a result of a number of telegrams and letters I have received. Will the Minister of Agriculture name a definite date on which the floor price on butter, if any, is to be announced?

Right Hon. J. G. GARDINER (Minister of Agriculture): I must agree with the Prime Minister (Mr. Mackenzie King), that I cannot speak for the whole government.

Mr. CASE: Think of that!

POSTAL SERVICE

REQUEST FOR AIR MAIL SERVICE BETWEEN WINNIPEG AND FLIN FLON

On the orders of the day:

Mr. RONALD MOORE (Churchill): Mr. Speaker, I should like to ask a question of the Postmaster General, arising out of several telegrams received this morning. Will the minister recommend that an air mail service be included in the new air service to begin June 1 between Winnipeg and Flin Flon via Dauphin and The Pas? The present mail service by railway is very slow.

Hon. ERNEST BERTRAND (Postmaster General): I shall take the question as a notice, and have the department look into it.

THE BUDGET

DEBATE ON ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Wednesday, May 14, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the Chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Muskoka-Ontario) and the amendment to the amendment of Mr. Coldwell.

Mr. F. S. ZAPLITNY (Dauphin): Mr. Speaker, I regret that the Minister of Finance is not with us today, although I realize he may be more usefully employed where he is.

Mr. CASE: Where is he?

Mr. ZAPLITNY: Every budget I have heard delivered so far has had its forgotten man. This one is unique in that the "forgotten man" is more than half the people of Canada. Never have so many waited so long for so little, and never have so many waited in vain. If one strips the minister's budget of its flippant optimism, nothing is left but a sop to private enterprise. In my view there will be keen disappointment in the ranks of those who are faithful to the government, and who had expected that two years after the war the government would finally have launched its much-tooted new social order.

Few people throughout the country today would deny that if the government had any intention two years ago of implementing its talk about a new social order by 1947, by this time they have discarded the idea and have relegated it to the limbo of forgotten things.

There are those of course still faithful to the government who say it is better to have loved and lost than never to have loved at all. But the government's acquaintance with the new social order was of such a casual nature that I doubt if the romance ever developed at all. I do not think any single factor has contributed so much to the regression of government policy within the last several months as has the Minister of Finance himself. It will be admitted that the present minister has launched a new government policy which conforms to this government's old fashioned laissez-faire and drift policy, and this do-nothing budget characterizes that policy.

Since taking office the present Minister of Finance has done a beautiful hatchet job on the whole price control structure of the country. It is common knowledge that the 1939 dollar is worth only about 62 cents. If one takes into consideration the deterioration in the quality of the commodities that we buy today he will realize it is no exaggeration to say that the 1939 dollar is worth only 50 cents today. In the face of those facts the Minister of Finance blithely got up in his place in this house and with a great deal of cheer and beneficence announced to the house how fortunate the country was that more than half the population had the privilege of earning so little that they fell below the income tax exemption limit. I do not know how the people of this country will ever repay such left-handed generosity as that.

As I said, more than half the people of this country are the "forgotten man" as far as this budget is concerned. If we check the position of people such as farmers, casual labourers, clerks, fishermen, trappers, civil servants, school teachers, clergymen, and small business men, we will find that they are in an income group which does not benefit in any way from the cut in income tax. I will leave the income tax end of it at that point and deal with another factor in the budget which I think is more serious. I refer to the almost complete lack of any plan for the stabilization of income, particularly that of western Canada.

It is well known, and I think the Minister of Agriculture (Mr. Gardiner) will bear me out in this, that if western Canada is to have a stabilized economy it must have more industries. The years of the war brought temporary prosperity, but the figures placed on *Hansard* the other day by the Minister of Agriculture do not tell the whole story. Although there has been a large increase in the gross income of the farmers of western Canada, there has been a more than corresponding increase in the cost of production. Therefore, their position is not as good as the minister made out. We must admit that their position today is better than it had been for many years; but as I said, it may be of a temporary nature. If there is to be permanent stability in the income of the western provinces we must have more secondary industries, particularly processing industries. This is a field which has hardly been scratched. I see no reason why the government should not take the initiative in establishing such industries in the towns and cities of western Canada. They have done a little bit along that line, because the hon. member for Portage la Prairie (Mr. Miller) referred to the flax fibre mill which had been established in his town. That is a start in the right direction, but not enough of that sort of thing has been done in Manitoba or Saskatchewan. We are perhaps a little more fortunate in Manitoba than they are in Saskatchewan because we do not depend quite

so much upon grain farming. We have a mixed farming economy, and to that extent there is a little more stability in our prospects of income.

The lack of secondary industries in western Canada has had another serious effect. The recent prairie census revealed that the prairie provinces are losing population instead of gaining it. In my opinion there is no reason why such a wonderful country as we have west of the great lakes should be losing population at this time. If we are ever to have a stable economy and a united nation there will have to be a greater increase in the population of western Canada than there has been so far. The past few decades have not shown the increases in population that should have been shown. In the next twenty or thirty years there should be an increase of millions in the population of western Canada. The resources are there; the opportunities are there in the way of primary production, but what is keeping the people away, what is causing the drift from the west to the east, which is the exact opposite to what the drift should be, is the lack of secondary industries. It is a serious thing, and I believe this government should take steps to arrest that trend. There is only one way I know of in which that can be done. Apparently western Canada has no attraction for private capital; therefore it is up to the government to use public investment and public enterprise to develop secondary industries, particularly processing industries, in order to provide something around which the population of the towns and cities of western Canada may live.

There are those who say that this is a private enterprise country, that we have free enterprise and if people do not like western Canada, they have a perfect right to go somewhere else. That is perfectly true, but let us not forget that this has not always been a free enterprise country, and it is not now in actual fact. Ever since the first prime minister of Canada introduced what he called a national policy, which meant the subsidizing of the industries of central Canada to provide Canada with manufacturing industries, this has not been a free enterprise country. When the tariff policies were instituted, all the people of Canada, regardless of whether they lived in the east, in the west or on either coast, contributed through the tariff structure to the building up of industries in central Canada. We are not objecting to that, because we realize it is desirable that Canada should have manufacturing industries in Ontario and Quebec or wherever else it is possible to have them. But we should not be deluded by the story that this is a free enterprise country, that those industries grew up through their own efforts. That is not so, because they were heavily subsidized for many years, and they are still being heavily subsidized through our tariff structure. The taxpayers are still paying for the manufacturing industries of central Canada.

If that is a desirable policy for central Canada then something of the sort is desirable for the west. I am not suggesting that we institute a new tariff policy for the west, but I do suggest that the government should consider using public investment and public enterprise to initiate industries in western Canada where the people themselves are not able to do it because of a lack of capital. I am saying these things because I believe there is a serious trend in present government policy away from public investment and public enterprise. During the years of the war the government were forced to use public enterprise in order to create a war effort. It was a struggle for survival, and although many of the members of the cabinet of that time were private enterprisers and did not believe in public enterprise, yet events forced them into the position where they had to use it. It must be said to their credit that they used it with great success.

Today the trend seems to be the other way. In this connection I should like to quote a few passages from a speech made by the Minister of Finance, I think on January 27, when addressing the Toronto board of trade. I think his remarks indicate the regressive policy of the government. Here is what he gave as his method for preventing the next depression—and I would point out that in this case he used the word "depression," which he has shied away from ever since:

> If at any time in the future a recession or depression is threatened, it may be far wiser and far cheaper to make drastic cuts in income and corporation taxes in order to expand consumer buying power and stimulate private investment than to embark, let us say, on an ambitious public works programme which is bound to be wasteful and would tend to perpetuate itself.

That was a statement of policy by the Minister of Finance, who said in plain language that his solution for a depression would be to cut the taxes of the corporations and thus in some mysterious fashion extend the buying power of the people. Then he goes on to say that he does not advocate a public works programme because it is bound to be wasteful and will tend to perpetuate itself. Why should any public works programme be wasteful? No one in this house has asked for public works which are unnecessary or

useless, or which will not return a value to the country. Surely the government must have little faith in itself if it admits that any public works programme it might undertake is bound to be wasteful.

The other objection is that it might tend to perpetuate itself. What is wrong with a public works programme perpetuating itself as long as it is useful and producing something for the benefit of all the people of Canada? That is regression back to the laissez-faire drift which characterizes the present trend of the government. To emphasize that limitation the minister said in his speech:

> We believe that government should create conditions, a climate, if I may use that term, within which initiative can be exercised and enterprise flourish. To create such conditions, we believe it should be made possible, through reduction and simplification of taxes, and in other ways, for private enterprise to operate boldly and courageously, and, in doing so, provide most of the employment; and that government should, by direct action, fill the gap in employment—when, but only when, there is a gap to fill that would not otherwise be filled.

There are two parts to that statement which are very important. First of all he would create those climatic conditions for progress by reduction and simplification of taxes. I do not know what simplification of taxes would have to do with creating a proper climate for industry. But what will reduction of taxes mean to more than half the people of Canada who do not pay income tax today because they have not enough income on which to pay taxes? Surely the minister can see that under his programme the very people who would most need a shot in the arm, so to speak, would be the ones who would not get it, and the ones who would get it would be the corporations which would have their taxes reduced.

The minister went on to say that the government would take direct action to provide employment when, but only when, there is a gap to be filled that would not otherwise be filled. In other words the government is quite satisfied to leave everything to private enterprise, to let private enterprise decide not only how much employment there shall be, but in what particular industries, where it shall be and what the wages shall be; and the government itself will stand to one side as a sort of referee and only take action when there is a gap to be filled. That sounds all right, but it is not practical, because the government if it follows that course will never be prepared to do anything until unemployment is upon us. The last depression surely taught us this much, that if full employment is to be provided it takes planning. The government will have to plan their public works projects for the good of the people many years ahead, and not sit around and wait until the last moment, until private enterprise has broken down and failed, and then try to rush in and fill gaps by establishing camps in the hills where men can cut cordwood at twenty cents a day. But that is the policy the minister is trying to bring forward.

In contrast with that I want to quote what the Prime Minister said in his speech in 1942 to the American Federation of Labor in Toronto. He said:

> When the war is won there will be an immense task to repair the great physical destruction caused by the war . . . but the work of repairing and restoring the ravages of war will not be enough.

He recognized that, and went on:

> Fortunately, we are also learning that the only limit to our productive capacity is the limit to our resources, and our will and skill to use them to satisfy human need instead of human greed.

That is a statement which implies a great deal more than the Minister of Finance implied with his gap-filling statement. There is a statement by the Prime Minister which implies that it is up to the government, and was even in 1942 when the war was still on, to start looking towards the future and start planning for full employment. I like the words the Prime Minister used:

> . . . the only limit to our productive capacity is the limit to our resources, and our will and skill to use them to satisfy human need instead of human greed.

That does not sound very much like private enterprise. It sounds like public enterprise, that the objective of industry shall be to satisfy human needs. The objective of profit-making industry is to satisfy their own urge for profits—I will not call it human greed, although that was implied by the Prime Minister.

In contrast with that, the policy brought forward by the Minister of Finance looks puny. I think he should go back and read over some of the speeches made by the Prime Minister in 1942, 1943 and 1944 and try to follow them out in his budget. Surely when the Prime Minister admits that the only limit to our productive capacity is the limit of our resources and our will and skill to use them, it means that the government should undertake to see that our resources are developed to satisfy the needs of the people and that employment should be the right of the working man.

I want to emphasize this point further by quoting from the Prime Minister. Speaking at that same convention he used these words:

> The era of freedom will be achieved only as social security and human welfare become the main concern of men and nations.

Those are fine words. He went on:

> I would mention the following as a national minimum: useful employment for all who are willing to work.

All right; I am quite willing to accept that. But let us see what is taking place in practice. This may be only a slight indication, but I think it shows the attitude of the Minister of Labour (Mr. Mitchell) towards this national minimum of every person having the right to work. On April 18, after the hon. member for Cape Breton South (Mr. Gillis) had asked the Minister of Labour some questions about the employment of persons from Nova Scotia in other parts of Canada, the hon. member for St. John-Albert (Mr. Hazen) asked this supplementary question:

> Will transportation be provided by the government to the place of employment for persons in New Brunswick who are unemployed to accept employment that is offered elsewhere?

The Minister of Labour replied:

> As my hon. friend is well aware, my department is not in the business of providing Cook's tours for everybody in Canada.

That is how they implement their promise of the right to work and the right to full employment for all the people.

In addition to the promise of full employment there was also the definite promise of social security for all. I have already quoted and I continue to quote from the Prime Minister's speech in 1942:

> It is necessary that social security and human welfare should be expressed in definite terms.

Those words were quoted as recently as May 9 at Niagara Falls by the Minister of National Health and Welfare (Mr. Martin), and he added these words of his own:

> If we are to justify some of the promises and assertions we made during the war it is necessary that Canada as a nation enact a programme of social welfare.

I agree with him. If we are to carry out the promises that were made, the government, according to the minister, should enact a programme of social welfare now. But what do we find in the budget? Look through the budget and through the whole social security programme of the government, and you will find that when it comes to implementing the promises made and repeated so often, only as recently as May 9 by the Minister of National Health and Welfare, even the minister himself is a little doubtful as to how well the government are succeeding, because he said:

> Some people may say some of these objectives have not been realized, but it is important to have a statement from the head of a government in these terms.

I agree that it is important to have that statement on social security in these terms, but I contend it is far more important that the government should now be presenting their social welfare legislation to the house so that the curtain will at least be lifted a little to give us a peek into this great new era of freedom promised by the Prime Minister in 1942. But so far what have we got? We have a mystical resolution on the order paper which promises something for old age pensioners, but no amount of prying or questioning can bring out what is going to be done. The government's programme seems to be well hidden, although some of the newspapers seem to be better informed on it than members of this house. So far as a broad general programme of social security covering the needs of certain classes of people, whom I shall mention later, is concerned, practically nothing has been done so far and nothing is in prospect. What the Prime Minister (Mr. Mackenzie King) laid down when he said that that era of freedom will be achieved only as social security and human welfare become the main concern of many nations was in reality the basis of a socialist society, because it is the objective of a socialist government that laws shall be made for the benefit of society as a whole. Under a capitalist economy laws are made to protect the rights of capitalists, to protect the rights of privileged classes, and it is not surprising that in the house we hear hon. members who believe in capitalism make long speeches for certain classes of people; but when it comes to making laws for society as a whole, when human welfare becomes the objective of the programme, then you have socialism in practice. The Prime Minister laid down a socialist theory; the Minister of National Health and Welfare (Mr. Martin)—as recently as May 9—is beginning to doubt whether we are carrying that objective out as we should. We shall have more reason to doubt before we are much older.

I wish to deal with another point which I think is important, namely, the repeated references which have been made by members of the Progressive Conservative party, and particularly by the official financial critic of that party, to what they call the middle class. The hon. member for Muskoka-Ontario (Mr. Macdonnell) was the one who introduced it in

the house when he made a plea for what he called the great middle class, which he characterized as being the backbone of the country. That same idea has been reechoed by many other hon. members who sit around him. I want the house to pause for a moment and realize what this actually means. What is a middle class? What is it in the middle of? Surely as soon as we begin to talk about a middle class we are automatically accepting the fact that there must be an upper and a lower class; otherwise there could not be a middle class. It must be in the middle of something. What the hon. member for Muskoka-Ontario said when he introduced this idea in the house was accepted without question and condoned by his speech. He tried to prove that there was a vertically stratified conception of society, something which I repudiate from the beginning. I cannot for a moment accept—I cannot understand how any hon. member living in a country such as ours could accept it—the idea of a vertically stratified society in which we shall have lower, middle and upper, middle upper and middle lower, and so on, classes. Thousands of people, yea, millions of them left beautiful spots in Europe to accept hardships and poverty in this country as pioneers in order to escape from a stratified class society. They came to this country and now in the house we hear hon. members say that we must have a strong middle class because that is the backbone of the country; we must therefore have an upper class, a lower class, and it shall be the duty of the lower class to keep alive the upper class with the middle class acting as a sort of referee in between. What sort of conception of society is that? I cannot accept it. I repudiate the very basis of it—and I am speaking for myself.

Mr. COLDWELL: And for all of us.

Mr. ZAPLITNY: I say that if the Creator who conceived the earth and its population intended that there should be an upper class to rule and a lower class to be ruled, then he would have brought into this world an upper class with spurs on their feet and a lower class with saddles on their backs. We all have the urge to stand up straight; we will not bend our knee before any class. If we do, we are not worthy of the name of Canadians. I repudiate the idea, and I hope that never again in this house shall we get into a squabble about a middle class and their incomes and say we shall legislate for them. Let us for once accept the fact that there is only one class, namely, the Canadian people. There is only one class in the world and that is humanity. Let us legislate for humanity in this country and we shall be laying a basis for what the Prime Minister called in such fine words, "an era of freedom which will be achieved only as social security and human welfare become the concern of men and nations." He did not say: As the welfare of the middle class becomes the main concern of men and nations, only then shall we have the real basis of human society.

Mr. JACKMAN: That is a complete distortion of the remarks of the hon. member for Muskoka-Ontario.

Mr. ZAPLITNY: I did not hear what the hon. member said.

Mr. JACKMAN: The remarks of the hon. member are a complete distortion of the remarks made by the hon. member for Muskoka-Ontario. What he referred to was the fact that some people have larger incomes than others, and that those in between are middle incomes.

The ACTING SPEAKER (Mr. Golding): Order.

Mr. ZAPLITNY: I appreciate the hon. member's attempt to patch up a bad speech, but this is not the place to do it. He will have another opportunity and I hope he will use it. I hope he will quote from *Hansard* what the hon. member for Muskoka-Ontario said, because it is in the record.

Mr. JACKMAN: No one knows better than I do what the hon. member for Muskoka-Ontario said. There is no greater humanitarian in the house.

Mr. ZAPLITNY: I wish to say that when these gentlemen refer to the middle class as being the backbone of society they should study the human anatomy a little more closely. If they do they will see that there is more to the human body than the backbone. The backbone of itself would be functionless and useless unless it had a few other attributes.

Mr. JACKMAN: The head and the belly. What the hon. member is saying is primary school stuff.

Mr. ZAPLITNY: If the hon. member wants to talk about the belly he may go ahead.

Mr. MacINNIS: That is all he is thinking of, anyway.

Mr. ZAPLITNY: If we are to talk about the backbone of this country, meaning thereby the main class of people who are necessary in the country, we cannot pick and choose because all the people who lead a useful life, who produce anything by means of their

hands or their brains, are a part of human society. To say that some mystic middle class is the backbone of something is simply to exhibit one's ignorance both of the human anatomy and of society as a whole.

I now wish to refer to another serious matter.

Mr. MAYHEW: I am pleased to hear that what the hon. member has just said was not serious.

Mr. ZAPLITNY: I said "another serious matter". I am glad the Minister of Finance has a spokesman in his place who may be able to answer some of the arguments I am using. If the parliamentary assistant disagrees with this, he will have an opportunity to contradict it.

I say very plainly that the present Minister of Finance is more responsible than anyone else for having wrecked the price control system in this country. No one denies that. I say also that he has been aided and abetted in doing so by hon. members on both sides of the house. Not all the reactionaries are in the official opposition; although the opposition are blessed with a good percentage, there are some on the government side. Also there are some progressive thinking people on the government side. Some of the back benchers on the government side—

Mr. JACKMAN: Don't forget to add us.

Mr. ZAPLITNY: Yes, I shall be glad to include the hon. member's party later on in the right category. There are some progressive thinking members on the Liberal side of the house who have brought to the attention of the government the seriousness of the scuttling of the price control system and have warned them that it is time to do something to make good their pledges of a new social order.

Listening to the hon. member for Kenora-Rainy River (Mr. Benidickson) yesterday afternoon I was pleased with that part of his speech in which he advocated that the government do not sit around and wait until the Drew-Duplessis axis makes up its mind what it is going to do, to make agreements for social security with the other provinces. But unfortunately the reactionaries on the government side occupy the front benches at the moment. What has happened is that there is confusion not only in the cabinet itself but on the whole Liberal side of the house. Watching their difficulties I am reminded of a poem written by Macaulay entitled "Horatius". Hon. members will remember the epic story of how three men held the bridge to Rome while the hordes were trying to attack it, and there was a point at which the attacking hordes were badly confused—which puts me in mind of the way the government is acting today. I will quote this verse, and I think there is much point to it:

> Was none who would be foremost
> To lead such dire attack:
> But those behind cried "Forward!"
> And those before cried "Back!"
> And backward now and forward
> Wavers the deep array;
> And on the tossing sea of steel,
> To and fro the standards reel;
> And the victorious trumpet-peal
> Dies fitfully away.

The Prime Minister sounded the trumpet peal in 1942 when he said the era of freedom will be found only when social security and human welfare become the main concern of men and nations. I am afraid that bugle peal has died fitfully away.

Now I want to go on with what I was saying about price control. Although the government is responsible for having destroyed the price structure in this country, nevertheless all of us in this house have a certain amount of responsibility for the advice that we give to the government, in so far as they carry it out. To that extent the official opposition is responsible for the advice it has given to the government, and which I am afraid has been too well carried out. In checking over some of the clippings I have saved up I find that, on the question of price control, the official opposition appear to have taken three different stands. I think they are to be congratulated on having added something new.

In the first place the leader of that party, the hon. member for Neepawa (Mr. Bracken) speaking in the Portage la Prairie by-election and appealing to the voters of that constituency for their support of the candidate who is now the member for Portage la Prairie (Mr. Miller), used these words to appeal for their votes on the question of price control, as reported in the Winnipeg *Tribune* of October 19, 1946—a paper which I am given to understand is not opposed to the Progressive Conservative party. He said this:

> 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.

There is one stand on which he appealed to the voters.

Mr. MERRITT: What is the date of that?

Mr. ZAPLITNY: October 19, 1946.

Mr. KNOWLES: It is authentic.

Mr. ZAPLITNY: His appeal to the voters was that the Progressive Conservative price control policy was exactly that of the government. I wish to quote from the hon.

member for Portage la Prairie, as reported in the Portage la Prairie *Graphic* of October 18, 1946, as follows:

Mr. Miller emphasized there was no difference between the Liberals and Progressive Conservatives on price control and inflation.

Surely that makes it clear; the candidate himself declared that there was no difference whatever between the Progressive Conservatives and the Liberals on the question of price control and inflation. They were both for inflation, and the leader of the opposition, in supporting the candidate, endorsed that. That is one stand, and on that basis they appealed to the voters of Portage la Prairie and won the by-election, I must admit.

Mr. MERRITT: The hon. member's party did not do very well.

Mr. ZAPLITNY: We preferred to conduct our campaign on the policy that we stand for rather than on shifting sands.

Mr. MERRITT: The hon. member is pretty holy, isn't he?

Mr. ZAPLITNY: But in this House of Commons it is plain to everybody who has ears to hear that one member after the other in the official opposition, this session and in other sessions, rose in their places and attacked the government, and abused Donald Gordon for having maintained the price control system. They thought it was the most iniquitous thing in the world. One hon. member suggested that we take a sawed-off shot gun and go on a man-hunt for the officials of the prices board.

Mr. LOCKHART: I still say so.

Mr. ZAPLITNY: It is too bad you did not go out to Portage la Prairie and say it. That is the second stand. We have had two. Here comes the third one; here is the coup de grace. Speaking on May 7, 1947, on the radio, as reported in the *Evening Citizen* of the following day, the leader of the opposition had this to say. The report starts out:

John Bracken, Progressive Conservative Leader, told Canadians Wednesday night their cost of living "is mounting much more rapidly than your taxation is decreasing."

Who is responsible for that? Who has been advocating decontrol and the raising of the cost of living? Only today we heard one member asking for the sweeping away of price control. Yet they complain on the radio that the cost of living is rising faster than the tax reductions are coming into effect. This report continues:

Dealing with Finance Minister Abbott's budget, Mr. Bracken said more than half the Canadians who paid income tax had no relief through 1947 reductions cancelled by the increased cost of living in the first four months of the year. The reductions had been offset by the removal of government subsidies, forcing price rises in eggs, cheese and butter.

Mr. HARKNESS: Do you deny that?

Mr. COLDWELL: Who asked for the removal of subsidies?

Mr. ZAPLITNY: We have the three stands, the three-headed monster before us: (1) they are exactly the same as the government in their policy on the price control system; (2) they ask the government to do away with price control; and (3) they get on the radio and attack the government for having done away with price control. There you have it all.

An hon. MEMBER: And the government listened to them.

Mr. ZAPLITNY: His Majesty's official opposition has a responsible position in this country and has a duty to perform, and I believe it should take its duty a little more seriously. However, I will leave it at that, because time is going on and I want to place on record a few concrete suggestions for the government to consider. What I have said in criticism has been said in good faith, and I do not want to leave the impression that I wish to be destructive in my criticism.

I should like to suggest to the government that while there is still time they consider these proposals, I think that if they will look among the Liberal benches, when they are filled—and unfortunately there are not many here at the moment—they will find many members who are of the same opinion. Here are the proposals that I think are fair and reasonable. They are not all the proposals I should like to see enacted, but they are what I would think can be supported by this house:

1. Raise exemption levels to $1,000 for single persons and $2,000 for married persons.

2. Amend the old age and blind pensions act so as to provide an old age pension at the age of sixty-five at the rate of $50 a month and a blind pension at the age of seventeen at a similar rate.

3. Introduce legislation to provide for financial assistance to persons who are crippled or otherwise disabled and thereby prevented from earning a living.

4. Provide financial assistance to provinces for the purpose of improving and equalizing educational opportunities.

5. Amend the Prairie Farm Assistance Act so as to make it more applicable to hail and flood damage and place its provisions on a smaller unit basis.

6. Amend the Prairie Farm Rehabilitation Act so as to make it a Canadian Farm Rehabilitation Act applicable to every province in the dominion.

7. Place a floor price of $1.55 per bushel under wheat with comparable floors under other farm products, fish and wages.

8. Remove from our statutes all discriminatory legislation against co-operative associations.

Mr. E. D. FULTON (Kamloops): Mr. Speaker, on May 6 of this year the hon. member for Muskoka-Ontario (Mr. Macdonnell) concluded his criticism of the budget by moving an amendment consisting of three clauses. This afternoon I should like to deal briefly with those three clauses, one at a time. I should like to take them in the following order: the second clause first, then the first clause and finally the third clause.

The second clause of the amendment moved by the hon. member for Muskoka-Ontario reads:

> This house regrets that the proposals of the Minister of Finance
> (b) offer no encouragement of those engaged in the development of our natural resources, especially mining and agriculture.

It is with the agricultural aspect of that clause I should like to deal for a very few minutes at the commencement of my remarks. Had time permitted I should have liked to refer to the unfair taxation measures being applied to cooperatives, but I think perhaps when the house is in committee on the resolutions an opportunity will be given when it might be more appropriate to speak on that subject. I wanted to speak particularly with reference to agricultural cooperatives, and to object to the unfair and arbitrary decision introduced last year and applied this year, that such cooperatives must automatically earn a profit on whatever capital they may be able to use in their business. That, of course, is not a true picture. They do not earn a profit; they merely act as agents for their members; the receipts they get from their activities are held only in trust for those members, and do not form income in the hands of the cooperatives.

What I want to discuss principally at the moment is the fact that the taxation proposals of the Minister of Finance (Mr. Abbott) offer no relief from what is now a pressing and unjust situation, namely that the proceeds from the sale of breeding herds are still to be subject to income tax. The remarks I am going to make are based upon knowledge of the situation in my own part of the country particularly, the interior of British Columbia, where we have a large number of cattle ranches each operating a herd running anywhere from less than a hundred up to several thousands of cattle. It applies to the constituency I presently represent and to the one I have some reason to think I may soon be called upon to represent; that is, the Cariboo and Chilcotin areas.

This question was dealt with during the budget debate last year, while the house was in committee. On July 25 in conjunction with several hon. members of the opposition I put forward arguments in favour of relief from this unfair burden. Those arguments I believe are still sound; and their soundness was established by the fact that the present Minister of Finance gave no fewer than four separate assurances that the matter was being investigated, that it was still being considered and that it would continue to be considered in an effort to find a solution. This in itself indicates that the minister—as indeed he said in so many words—recognized that there was merit in the contentions advanced by those who favoured the proposition that proceeds from the sale of breeding herds should not be subject to the payment of income tax.

Of course there is great merit in those suggestions, because the imposition of that tax is causing a real and unfair hardship to many who have laboured all their lives to build up ranches; who have worked hard during hard times to maintain their herds—not necessarily to increase them but to maintain them—and who now, when they have an opportunity to sell those herds at a decent price and enjoy a little well earned leisure, are prevented from doing so because of the ruling of the revenue branch of the income tax department that the whole proceeds are income and are subject to taxation in the one taxation year. The fact that this process is continuing is discouraging these people from making such sales; it is discouraging others from entering the business of raising breeding herds, and is having an adverse effect not only upon those older people who wish to retire but upon the whole cattle industry throughout the country. The problem being so pressing, and the minister having indicated that the matter has been under consideration for at least three years, surely it is inexcusable that no action should have been taken in this year's budget proposals.

The principle is quite simple. It is that the basic or breeding herd is a capital asset. It is just as much a means of production as plant and equipment in a factory. Our own Department of Agriculture recognized this last year in the brief it submitted to the Department of Finance. That principle is recognized in the United States, where the bureau of

internal revenue accepts the fact that breeding herds are capital, and proceeds from their sale are not subject to income tax. The matter was fully discussed in the house last year, and the views I put forward at that time were along the lines of a brief I submitted to the Minister of Finance, which he was generous enough to say contained some sound proposals. But all these generous expressions and promises of consideration are not doing anything to relieve the unjust burden which is being placed upon those engaged in the cattle industry.

I raise this point briefly now to serve notice, as it were, that I intend to discuss the matter more fully later on, and to say that I hope it is not too late even yet to take some action this year. I regret that the Minister of Finance is not in the house, nor is his parliamentary assistant. I hope someone, perhaps the Minister of Agriculture, will take word to him that some hon. members on this side of the house regard this as an urgent question and intend to thresh out the matter in committee this year, to force a decision one way or the other, in so far as it lies within our power to do so. I raise the question now so that the minister may perhaps give it further consideration, and by way of notice that it will be debated hotly when the house goes into committee on the budget resolutions.

The next portion of the amendment with which I wish to deal is paragraph (a), which reads:

> This house regrets that the proposals of the Minister of Finance
>
> (a) offer no relief from the oppressive burden of indirect and hidden taxes on staple necessities that compose the family budget, all of which taxes directly increase the cost of living.

At the outset it would be only fair to say we recognize that an important and welcome measure of relief has been given this year in the budget proposals. There is no direct criticism on the score of the relief that has been given, except that it was limited entirely to the realm of direct taxation and the relatively minor effects which result from the abdication by the dominion government of the field of gasoline taxes. I should like to make some general observation with regard to the question of the proper balance between direct and indirect taxation, which is raised in the amendment I have just read. We feel that relief should be given those groups in the lower income brackets, particularly those with large families; the middle class. I use those words again, and I want to refer to the argument just put forward by the hon. member for Dauphin (Mr. Zaplitny). I refer to the middle income group, those who are struggling to remain independent. These indirect taxes are not imposed on the basis of ability to pay; they are not desirable from that point of view, for they hit much harder those in the income group to which I have just referred. In dealing with this matter this afternoon the hon. member for Dauphin was guilty of a distortion of the remarks of the hon. member for Muskoka-Ontario (Mr. Macdonnell). He was reproached for that by the hon. member for Rosedale (Mr. Jackman), but denied that he was distorting the words used. But what he actually did was to take the speech of the hon. member for Muskoka-Ontario, which itself was directed toward what he regarded as the middle income group, and to turn it into a defence of what he said the hon. member regarded as a class structure —the principle of a ruling class, as the member for Dauphin put it, and a lower or ruled class. The hon. member for Muskoka-Ontario had no such thought in mind, of course. What he refers to is an income group. And there can be no denial, as a matter of fact, that there are large numbers in the middle income group.

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

Mr. FULTON: It seems to me that this question of a class society exists only in the minds of hon. members such as the hon. member for Dauphin. Of course the hon. member for Muskoka-Ontario said that the middle income group was the largest proportion of society, because there are more people with incomes in that group than in any other group. That is simply a question of fact.

This party recognizes that initiative and ability will always produce results, and that those results are reflected in the incomes of those who exercise this initiative. We recognize that and we wish to preserve that system, because we want initiative and the incentive to enterprise that the preservation of this initiative system gives. We want the production of plenty, instead of the uniform misery advocated by the C.C.F.

To get back to the remarks I intended to make at the outset, it is true that the hon. member for Muskoka-Ontario gave figures, perhaps by way of illustration of what he meant when he referred to the middle income group. He did refer to those with incomes between $3,000 and $7,500. These figures have been criticized by some hon. members; indeed the other day the Minister of Agriculture (Mr. Gardiner) dealt with them.

Mr. ZAPLITNY: May I ask a question?

Mr. FULTON: Mr. Speaker, I do not mind dealing with interruptions when I know what they are; but I cannot deal with them when two or three of them come in at the same time.

The fact that these limitations were used by way of illustration was referred to, as I say, by the Minister of Agriculture and by the hon. member for Restigouche-Madawaska (Mr. Michaud). But the operative words used by the hon. member for Muskoka-Ontario are found at page 2803 of *Hansard,* where he said:

> Let me say that by middle class I mean people, neither rich nor poor, who have a great desire to look after themselves, to provide for their present and for their future, and to be beholden to nobody, not even the state. They used to be regarded without question as the backbone of the community.

In discussion with the hon. member for Muskoka-Ontario—and it is regretted that he is not able to be in the house at the present time, owing to illness—I mentioned this fact to him and he agreed that the income range which he gave was perhaps given without a great deal of consideration. He said that he merely mentioned those figures in passing. He said that had he considered the matter carefully, or had he intended accurately to define the incomes of the group of people about whom he was speaking, he would have named a much lower figure. But he was not thinking of figures at all. As I have said, the operative words were his reference to that great group who are trying to look after themselves and, "to be beholden to nobody, not even the state." And in that group the hon. member agreed with me that he would have included all those who are engaged in the farming industry.

It is undeniable that indirect taxes hit this group, who for the most part have larger families than other groups, and hits them much harder than those with higher incomes. One has but to think of the taxes on such things as shoes, cigarettes, tobacco, tableware, and amongst other things, the indirect tax on soft drinks. I say that because it is the people with families who are hit most by this particular two cent tax—this is a tax which they must pay when their children buy soft drinks. But the same principle applies to all indirect taxes.

In addition one should take into consideraiton the effect of increased prices. The luxury tax, so called, of twenty-five per cent, and the eight per cent sales tax, are applied to the end price. If prices go up, taxes are correspondingly increased, because the taxation is levied as eight per cent on the total cost. That is why it is called a regressive tax.

We submit there is room for a reduction of these taxes. It should be remembered that this year there is a saving of government expenditures, through the removal of subsidies, to the amount of $208 million. Yet this tax reduction is not being passed on. There is an income tax reduction of only $110 million this year.

I should like to deal here with another portion of the remarks made by the hon. member for Dauphin, when he said that the official opposition was inconsistent when it advocated the immediate removal of all price ceilings—which, incidentally, it did not do—and then turned around and said, "You have allowed the cost of living to go up, and yet you have not given any relief in taxation." The fact is that by the removal of subsidies, which admittedly have had the effect of increasing prices, the government will have saved $208 million. But in the form of tax relief there has been passed on in 1947 only $110 million, thus leaving nearly another $100 million which might have been available in the form of tax relief. That is one point.

The other is that the only relief which has been given has been relief from direct taxation. The point we make in our amendment is that there should have been greater relief from indirect taxes which increase the cost of living. If the minister had removed subsidies which increased the cost of living, and at the same time removed indirect taxes to the same extent, the net effect on the cost of living would have been the same. Our point is that that great group of middle income people with large families should have been given this relief. Then, not only those who pay taxes, but also those who receive incomes which do not place them in income tax paying groups, would have received relief to meet the rising cost of living, and our financial position would have been placed on a sounder basis.

I should like to give a few figures with regard to the actual proportion of income derived from indirect and direct taxation. The hon. member for Dufferin-Simcoe (Mr. Rowe) dealt with this at some length, but I think the picture is even worse than he painted it. It should be remembered that only $1,005 million is being raised this year by indirect taxation as against $1,045 million being raised by direct taxation. The figures as given by the Minister of Finance at page 2552 of *Hansard* show a total of $1,045 million being raised from indirect taxation and a total of $1,155 million from direct taxation at the 1946 rates, before the tax reductions were applied. But the reductions in taxes subsequently announced have the effect of taking off $40 million from the indirect and $110 million from the direct, thus leaving, as I say, $1,005 million to be raised by indirect taxation

as against $1,045 million by direct. So that the proportion is 49·02 per cent as against 50·08 per cent. In other words we are raising virtually as much by indirect taxation as by direct.

It must be admitted that, despite what I have said to the effect that relief is desirable, the problem remains to be solved as to how this relief is to be given. How is one to decrease indirect taxation and still balance the budget? The answer to that—and I think the only answer—is by reducing government spending. Then the question will be asked: How are you going to reduce government spending?

I have a suggestion to make in that regard to which I shall refer in a moment. But I should like to say this, that we remember last year hearing the Minister of Finance reproach the opposition because, as he said, "You criticize us for the level of our expenditures, and you say 'reduce them', but you come along later and say, 'spend more money on this and on that'." I am reminded of the answer of the hon. member for Muskoka-Ontario, who referred the minister to the book of Genesis, where he would find words to this effect: "The woman tempted me, and I did eat." If that is the answer of the government I think it is an indication of a weak-minded policy. If they recognize the necessity to reduce expenditures and fail to do so because the opposition does not suggest methods of reduction, then I say that they ought not to continue in office any longer. It is the government's responsibility to reduce expenditures, and they cannot evade that responsibility by saying that we have not suggested means of doing it.

There are some interesting figures in this connection. First, the national income as compared with the pre-war figures is up some two and a half times, an estimated $12,000 million this year as against $5,000 million in 1938. At the same time national expenditures by the federal government are up four and a quarter times, $2,100 million this year as against $550 million in 1938. Our federal government's expenditures have increased four and a quarter times while the national income has gone up only two and a half times. On analysing the situation further it is found that the proportion of the national income taken in taxes by the federal government was in the neighbourhood of one-ninth to one-tenth in 1938-39 but in 1947 it had increased to between one-fifth and one-sixth. In other words, twice as great a proportion of the national income is taken by the federal government in taxes now as before the war.

The problem becomes still greater when we realize that the total cost in taxes to the Canadian people of provincial, municipal and federal governments is over $3,000 million. The last available figures from the Canada Year Book show $3,231 million taxation revenue by all governments for 1943. That is over one-quarter of the national income of $12,000 million. Admittedly that figure is for a war year, but it must be remembered that taxes by the dominion government are practically as high now as they were during the war, that taxes by most municipal governments are going up this year, and certainly provincial government taxes have not come down. So I think we are safe in assuming that the figure of $3,231 million would be a fair estimate of the tax revenue today of all three governments in Canada. which means that over a quarter of the national income is being taken from the Canadian people by their governments through taxation.

This raises the question of whether there is not some duplication of services between these different forms of government, and whether some extravagance does not result from duplications which might be eliminated. To my mind this does not mean that the only method of eliminating duplication is by increased centralization. On the contrary, it suggests to me that a great deal of extravagance through duplication could be eliminated by increased decentralization, by the elimination of some of the things which the dominion government does.

One example is the cost of administration of family allowances. According to a return tabled in the house on February 27 in answer to a question of mine, the estimated cost of administering family allowances in 1947-48 was $3,881,415, or nearly $4,000,000. All provinces have social services and public and private welfare institutions which are already in this field. I see no reason why those services and institutions already existing could not assume some responsibility for this administration, thereby saving us some money. I know that there is a certain amount of political advantage to be gained from the fact that it is represented that the great and good federal government is actually paying all this money directly into the hands of Canadian families, but I suggest that the provinces could have undertaken a part of this administration although it might not have been quite so easy to say each time the cheque came in that it was a donation from the federal government. In answer to another question which I asked it was indicated by the Department of National Health and Welfare that the provinces had never been approached in this matter. There was no effort made to achieve a saving through

having the provinces assume part of the responsibility of administering family allowances.

Although some saving might be made here, there is still the problem of how are we to get government spending down by any large amount. I think it will be agreed by everyone in the house, and probably everyone in the country, that the only way to get taxes down is to get the cost of government down—that is, if we are to have balanced budgets. I think there will be general agreement that taxes are still too high, when they are taking over a quarter of our national income, and that they must come down. With unsettled world conditions we have to insulate ourselves against any possible upset. To put it mildly, the Moscow conference did not achieve the ends it sought, and the Geneva trade conference may not succeed. There may be a recession in international trade and in conditions here and in the United States, so we must get our costs down to guard against the unforeseen possibilities referred to by the Minister of Finance. We must reduce taxation also in order that the individual may have sufficient of his income left after paying taxes to provide for his old age and unforeseen requirements and emergencies such as medical and dental attention, particularly in the case of a family.

We come back therefore to the same question: How are we to get expenditures down? There are certain irreducible increases in government expenditure just now—such as the increased cost of servicing the national debt, the increased pensions and gratuities payable as a result of the war; there are family allowances, and so on. Yet some reduction must be made.

Another suggestion is that we should examine costly items, such as the national film board, which runs into an expenditure of some four or five million a year, in a more critical attitude. We should say to ourselves something like this: We admit that the national film board, and other such institutions, may render a desirable service to the Canadian people, but at a time like this when it is essential that we get our costs down for the various reasons we have discussed, is it not in fact a luxury which we cannot at the moment afford? I think this should be our approach to such spending as that being made on the national film board and other such government activities.

Next there is the question of government publicity. A quick review of the estimates reveals that there are over fifty separate items for government publicity, with a total expenditure of over $3,000,000, not counting the Canadian information service which has a separate expenditure for overseas service. There are nineteen separate publicity items in the Department of National Health and Welfare alone. There is competing in publicity in each branch of the department. The total expenditures in that department are over $350,000. I suggest that a solution would be to set up a bureau of publicity along the lines of the bureau for translations. This at least would prevent duplication between departments, and I think would result in a considerable reduction in expenditure on government publicity. It would also ensure that such publicity as was put out would be non-political in nature. Then there is the question I have referred to already of the potential saving in the cost of administering family allowances. There are various other items one might mention, but time prevents my going into too great detail.

There is one main suggestion, however, which I want to make at this point. In trying to look at the problem analytically I am conscious of the fact that even with the reductions suggested we might save at the most some $12,000,000 and that we would not have found a real solution—although economies wherever possible should be practised. The most effective approach to, and the most obvious solution of the problem would be the appointment of a budget committee, charged with the responsibility of recommending sweeping reductions in expenditure. May I put it this way: It is surely obvious that each minister and deputy minister must regard their own department as most important; he would not be a good officer if he did not. Therefore he wants his estimates to be granted in full. Again, within a department the heads of branches will equally regard their own branch as most important; they would not be good civil servants if they did not, and so they are not going to recommend reductions in expenditure but fight for every dollar which they consider is required for what they regard as the essential services they are rendering to the country.

When it comes to comparing the estimates of different departments, the Minister of Finance cannot be a superman. He cannot possibly know all the details of every department and say that the estimates of this department are more justified than the estimates of that department. He cannot therefore exercise that police control over expenditure which is so essential if we are to reduce our taxes. For these reasons I think there should be appointed a budget committee. I am not limiting it as to numbers, but a budget committee should be appointed consisting of

accountants and I should like to suggest also an engineer, which committee would work in consultation with perhaps two or three members of the cabinet, to go over the estimates and advise the cabinet as a whole which expenditures can be dispensed with, where reductions can be made, which expenditures should be allowed or even increased. I suggest as another approach to the problem that a limitation on total expenditure should be set. We are now spending two billion dollars a year. It might be said, let us try to get along with one billion and a half. The budget committee might approach the problem from that starting point and then examine the proposed expenditures of the different departments and apply the axe where needed and make recommendations accordingly. Only if some such approach is made shall we make a substantial reduction in expenditure.

The other advantages which such a budget committee might have would be (1) to ascertain what expenditures are really necessary; (2) to eradicate duplication, waste and extravagance; (3) since there are so many competing requests for increased expenditures—for instance, the British Columbia members are all urging that the principle of P.F.R.A. be extended to that province, which would not necessarily mean an increase in capital expenditure because it could be put on a self-liquidating basis over a period of years—the budget committee could, where necessary, recommend expenditures that are not now provided for, but which would be more advantageous to Canada as revenue-producing projects than some which are now being made.

Finally, and most important, this budget committee could bring the cost of government down more into line with the ability of the Canadian people to pay and more in line with our present uncertain position in world trade.

The third subject on which I should like to touch briefly is the third clause in the amendment moved by the hon. member for Muskoka-Ontario (Mr. Macdonnell), that the budget proposals:

> fail to provide for reconvening the dominion-provincial conference in order to complete satisfactory agreements with the provinces,

And so on.

It will be eighty years next July 1 since the Dominion of Canada was created. I should like to suggest, in passing, that the government give consideration to setting aside next Dominion day for a special commemoration, so that we might recall to our minds the spirit in which confederation was achieved.

This question of dominion-provincial relations is, I think, one of the most important which faces the country today, and certainly the failure of the budget to advance any constructive solution of this problem is one aspect in which it is most open to criticism. The official opposition has urged, and many good Canadians both inside and outside the house have urged for some time now, that the conference be reconvened. But we recognize that there is a necessity for a new approach to the question if the conference is to get anywhere. A new approach is necessary to the question whether or not any readjustments of responsibilities as between the various governments should be made. It must be admitted that the conference broke up last year without any progress having been made on that head. But surely we should remember that between 1860 and 1867 there were similar disappointments and conferences broke up and had to be reconvened, but they kept at it in the spirit of give and take. Their approach was: We have to make an agreement in the interests of the general good of all. They realized that the general good of all could not be preserved or retained by denying the good of any of the components of confederation, and so they achieved a compromise between the general good of all and individual interests. I think, if we approach the matter in that spirit, we can undoubtedly achieve agreement, not only in regard to financial matters, but in regard to the other important questions of social security, public health and public investment.

I do not think it would be fair to try to apportion any blame for the break-down of the conference last May, but I earnestly suggest that the dominion government is open to severe censure for its attitude since and for its refusal to reconvene the conference. Had that attitude been maintained in the years between 1860 and 1867, there would have been no confederation. I suggest that the dominion government must find a new approach to this question, or we shall never get that re-confederation which all of us feel is so essential, including the provinces of Ontario and Quebec. I am going to suggest a new approach, I hope a reasonable constructive approach, to this question. There are three reasons why I feel this is necessary.

In the first place, it seems that the approach of the federal government as illustrated in its present attitude is unsound, because it insists upon making financial agreements before it is willing to discuss details of a general agreement on other matters. That surely is not the sound way to a solution of our difficulties. If you or I, Mr. Speaker, wanted to go to a trust company let us say, to arrange with it to administer our affairs we would not discuss financial arrangements first. We would agree

upon what it was we wanted done and then discuss the financial arrangements to carry it out. I think that illustration has some force because, after all, the federal government has no rights or powers of its own. Governments derive their powers from the people; to that extent our governments exist only as trustees for the Canadian people, and the federal government is there also as a trustee of the provinces. Certain powers were given to the federal government in 1867 and certain powers were retained by the provincial governments, which surrendered some of their rights to the federal government. If we approach the question in that attitude, that it is a trust we are trying to arrange for our mutual benefit and that we must agree on the terms of the trust before we settle the financial details we shall, I believe, be able to make progress.

Secondly, I suggest that the dominion government has been too uncompromising since the conference broke down last May. I do not ask the house to accept my own words for that. I should like to read the words of the Prime Minister (Mr. Mackenzie King) in answer to a question asked of him by the leader of the opposition (Mr. Bracken) on March 17. The point I am making is that the dominion government is now insisting upon all provinces concluding financial arrangements with it before it will continue the discussions on other matters. That attitude was expressed clearly in the words of the Prime Minister on March 17 when he was asked if he would reconvene the conference. In reply to that question he said that the dominion government felt there was no point in reconvening the conference until the financial proposals had been accepted by the provinces. He read from a telegram which he had sent to the premier of Saskatchewan as follows:

> As soon as there is a sufficient acceptance of the proposed tax agreements we shall be ready to explore in a general conference or otherwise the possibility of working out mutually satisfactory arrangements in regard to the whole or any part of our earlier public investment and social security proposals.

The ACTING SPEAKER (Mr. Golding): Order. I must remind the hon. member that his time has expired.

Mr. FULTON: I have just one or two sentences and I shall conclude. The Prime Minister concluded by saying:

> The conditions set forth there have, in the mind of the government, not as yet been fulfilled.

That is surely indicative of an uncompromising attitude, which insists that until these proposals are accepted, we shall not have any further discussion.

Thirdly, in actual fact, Mr. Speaker, there is no reason, even though the financial proposals have not been accepted, why the conference should not be reconvened, because the Minister of Finance's statement this year, as reported at page 2561 of *Hansard,* was to the effect that it would cost us $110 million more should the non-signing provinces sign the agreement. Here it is significant to remember that the reduction in income taxes this year is exactly $110 million. Furthermore the great tax fields, the corporation and personal income taxes, are as vacant as though the provinces had signed the agreement, because they have not imposed or reimposed these taxes to any greater extent than they could have done even though they had signed the financial agreement held forth by the dominion government. Therefore the tax fields are still as clear as they would be if the agreement had been signed. Consequently there is no financial reason why the dominion government should not proceed with the discussion of its social security, public health and public investment programme.

Furthermore, I suggest that it is too expensive to do it in any other way, because actually the taxpayers are paying $100 million more (again according to the minister's statement at page 1841 of *Hansard)* as a result of the agreements which have been signed, than if no agreement had been signed, and yet we have not advanced one step farther along the road to solving our problem in regard to social security, public investment and public health. Although the agreements have been signed and involve the expenditure of $100 million, these problems have not been settled; therefore surely it is obvious that the conference must be reconvened. It is too expensive financially not to reconvene it. There is no financial obstacle arising from the fact that all provinces have not signed. Surely then, it is too vital, too important to the spirit and the very framework and lifeblood of confederation to permit the problem to remain any longer unsolved. Surely it is in the best interests of Canada that the conference be convened again and these pressing problems finally settled.

The ACTING SPEAKER (Mr. Golding): Order. The hon. member's time has expired.

Mr. MAXIME RAYMOND (Beauharnois-Laprairie) (Translation): Mr. Speaker, the budget speech has given rise, this year as in the past, to many and varied appreciations. For my part, I wish to make a few remarks and express my views on certain subjects.

In the first place, let me draw the attention of hon. members to the tremendous debt of

$16,500,000,000 borne by our twelve million population, which is throwing our national economy off-balance. It is the result of our undue participation in the war and our unprecedented bounties to England. Such extravagance was based on imperialistic feelings, contrary to the best interests of the nation and conducive to disunity among the people.

At the beginning of the war, the then Minister of Finance set forth the "pay-as-you-go" policy which he meant to follow. Obviously we overstepped the mark since our $3,433,000,000 debt at August 31, 1939, has grown up to the startling figure of $16,500 million, despite the many billions levied on Canadian taxpayers, so that we could pride ourselves on policing the world, on lending without interest to Britain, on being the Santa Claus of the empire. Such titles are expensive.

If only those sacrifices had helped to safeguard world peace and order. Far from it, the turmoil is greater than ever. Europe and Asia are starving; rivalries between countries are more acute than ever; and the will to dominate, so evident among the victors, is the forerunner of another conflict. Nazism and fascism have been replaced by a much greater danger, communism, which dominates a large part of Europe and threatens to spread throughout the world. Hitler and Mussolini have been vanquished, but Stalin, who is ten times more inhuman, has taken their place and is dictating the peace terms. In eradicating one evil we have given rise to another, greater than the first. No wonder that uneasiness prevails throughout the world. Surely, such poor results obtained at the cost of tremendous sums and of so many human lives give little cause for rejoicing.

Our policy of lavishness towards Great Britain is being continued in various forms even though the war is over and that country's budget shows a billion-dollar surplus.

For instance, in the case of wheat alone, we are selling ours to Great Britain way under the world price, and at the expense of the Canadian producer. In the words of a Canadian bank president:

> When the demand is brisk, we should be getting top prices for our surplus wheat, lumber, metals and minerals on the world's markets.

As a matter of fact, ours is not a Canadian policy, but a policy in the service of the empire.

A reduced scale of income taxation was announced by the Minister of Finance (Mr. Abbott) at the same time as a $352 million surplus, accumulated in the last fiscal year by means of taxes that were too high. Why should the new schedule not apply from January 1, 1947, instead of July first? When taxes are too high is hardly the time to accumulate surpluses.

As for the new tax schedule, the hon. member for Rosetown-Biggar (Mr. Coldwell) has shown that it brings no relief whatever to the majority of our citizens. In most cases of apparent reductions, they are completely cancelled by the elimination of subsidies on food products and a corresponding increase in the cost of living. So, the reductions are more apparent than real in most practical cases. In order to relieve the taxpayer, the exemptions should have been raised to at least $1,000 for single persons and $2,000 for married people.

Everyone needs a minimum revenue to live. Due to the present cost of living a person cannot live normally on $750 a year. Therefore, the government is not justified in maintaining the present exemptions while announcing a $352,000,000 surplus. The burden of indirect taxes applying to the necessaries of life should have been lightened; the large families would thereby have been granted a measure of relief.

In England, the exemption has just been raised from $600 to $1,000 and the subsidies on the necessaries of life have been increased. Let us stop extending gifts to foreigners and start thinking of our own people.

Another exemption should be granted to taxpayers, covering all medical expenses incurred.

As the act now stands, where medical expenses do not exceed four per cent of the income, no exemption is granted; if they exceed four per cent, the exemption is limited to a certain amount. Why should it be so? Does the government want to tax illness, misfortune or family obligations? For instance, most of us know what medical, hospital and nursing expenditures the birth of a child entails. People whose income is barely sufficient to cover the necessaries of life are unable, after they have paid their income tax, to provide the confined woman with the required care, or else they run forever into debt. In other cases, through lack of money, children are deprived of necessary medical care.

The provision of the act which limits the medical expenses exemption is antisocial and detrimental to the family. It should be repealed as soon as possible.

Another provision of the act that is antisocial, that discriminates against families, is that concerning exemptions for dependent students.

If I am not mistaken, this exemption used to be $500, and was granted to age 25. Why limit it now to age 21 and $300? Anyone

knows that it costs more than $300 to support a university student. Costs are indeed so high that an "honour loan" system has been devised to help students complete their studies when parents cannot meet the expense. I therefore ask the government that the age limit be raised to 25 and the exemption to $500 per student.

There has been talk in this debate of immigration to boost our population and develop our resources.

In the view of certain hon. members and a certain section of the press, immigration means only immigration from the British Isles. What is this if not racialism, the very doctrine advocated by Hitler, against which we have fought.

Mr. Chairman, I am one of those who consider that this matter must be approached not from the "racial" standpoint but from the standpoint of "need" in the light of the interests of this country, not those of the British empire. It is both an economic and a social problem.

There can be no doubt that our population is not commensurate with our natural wealth. But if we must increase it by means of immigration, let us look to the character and quality of our future citizens.

But what section of the population calls for an increase? The urban or the rural?

At the present time, our cities are overflowing with people who cannot find any living accommodation, due to the scarcity of houses, or are compelled to live in revolting conditions, numerous members of the same family occupying a single room, often unsanitary. Before inviting foreigners to live in our cities, let us first provide homes for our own people.

However, there is one class of immigrants who could be welcomed as the need for them is very acute; I mean domestic helpers. At the present time, servants are unavailable, which constitutes a serious problem for many young families. The best way to increase population is to raise the birth-rate. Let us give our families the opportunity to hire the help they need to bring up their family properly and let us get that help where it is to be found. We will require no additional living accommodation for this purpose, since servants live with the families employing them. I hope the immigration regulations will be amended so as not to allow British subjects only to enter Canada as domestic help, but that the privilege will be extended to people from all countries, provided they are otherwise physically and morally fit.

In the case of the farming community, the situation is quite different, and I have no hesitation in saying that the immigrants we need are agricultural workers.

We have extensive vacant areas, as well as undeveloped natural resources, and there is room in this country for more farmers. Moreover, from a social standpoint, it is desirable that we should bring here farmer immigrants who can more readily be assimilated and have more stability. Workmen travel from one country to another, while people who settle on land stay there permanently.

Since the interest of this country requires agricultural immigrants, let us seek them where they can be found. Would it be in Great Britain? Excellent farmers are certainly not lacking in that country, especially in Scotland and Ireland, and I know a number of Scotchmen and Irishmen who have settled on lands in the countries of Beauharnois, Chateauguay and Huntingdon, and who own splendid farms. But can we hope that a larger number will come here, under the present circumstances? Far from being in a position to export farmers, Great Britain needs more of them. The shortage of industrial labour is so acute in that country that German prisoners of war are being held to alleviate the situation.

The same applies to other war-ridden countries.

On the other hand, there are countries where the rural classes are dissatisfied with their lot and would be only too glad to establish themselves on Canadian farms. Let us not bar them out systematically. We are in need of farm-hands, of miners and forest-workers. Let us, therefore, accept them from whatever country they may come as long as they are carefully selected as to their ability and character in order that no one may come into this country, spread subversive doctrines and stir up trouble.

To sum up in a few words, I say that mass immigration from any country whatever is not a desirable thing. There must be at all times a certain relationship between our birth-rate and the number of our immigrants and we must give newcomers time to assimilate themselves and become true Canadians.

Our immigration policy must be essentially Canadian, based solely on the needs and interests of Canada and of no other country whatsoever. It should not run the risk of making our country the world's dumping ground by opening the door too wide; let this policy be of a welcoming character but nevertheless strict, with selection based on individuals rather than on races.

Work, health and order are the main components required to give our country a powerful and prosperous impetus; we need citizens who wish Canada to become their sole country and who, merging with our masses, will help to build a great and united country, free within as it is without, consisting of different races which, without repudiating their native heritage, will contribute their own genius and fine traditions to the development of the Canadian nation.

I shall discuss briefly the relations between the dominion and the provinces. The Minister of Finance referred to the fiscal proposals made by the government to the provinces. The latter are asked to waive in favour of the federal authorities their right to tax personal and corporation income and to levy succession duties.

Such proposals, Mr. Chairman, would undoubtedly tend to deprive the provinces of their main source of revenue and to make them dependent on the central government. In other words, they are aimed at holding the provinces in bondage. In effect, they would mean interference with the exercise of the legislative powers which have been reserved exclusively to the provinces in social and educational matters.

The respective powers of the dominion and the legislatures in the fields of legislation and taxation have been set forth in the act of 1867. For a long time the constitution was respected, but during the past ten years repeated assaults have been launched by centralists with a view to concentrating in Ottawa social and fiscal legislation and administration.

That campaign has become more aggressive recently; it has even become a sort of bargaining which brings to light the true designs of its sponsors. I believe in provincial autonomy and in the part which French Canadians are called upon to play within confederation. Therefore, I feel that it would be a sheer betrayal to accept such proposals which not only violate the provisions of the pact of 1867, but encroach upon our most sacred rights. If there could have been any doubt in regard to the intentions of some advocates of centralization, the speech delivered by the Minister of National Defence (Mr. Claxton) while he was Minister of National Health, has dispelled them. According to *L'Action Catholique* of December 16, he made the following remarks:

> Through its proposals, the dominion government is trying to place the provinces in such a position that they might relinquish their constitutional responsibilities. The dominion government is striving to avoid double taxation and to place the whole of Canada on an equal footing, which would enable all sections to develop their resources and to relinquish their responsibilities in matters of education and welfare.

Such was the statement made by the Minister of National Defence, while he was Minister of National Health.

We seek not to shirk our responsibilities, nor do we need the advice of Ottawa centralists on the Quebec educational system. We merely ask to be allowed to exercise our powers in the matter.

Let us briefly review the federal government's real or attempted encroachments on provincial jurisdiction. Advantage was taken of prewar unemployment to intrude upon social legislation, through unemployment insurance. In January 1941, the government called upon the provinces to accept the tax proposals embodied in the report of the Rowell-Sirois commission. These proposals which called for the permanent waiver of the three taxes under discussion, were turned down. Note that the Prime Minister took care to state that the report did not aim at centralizing powers in Ottawa. Thus are provinces despoiled of their rights on the claim that those rights are being respected.

In 1942, Ottawa secured from the provinces the power to enter certain tax fields until then reserved to provinces, but for the duration of war only.

Now that the war is over, the federal government wants to be allowed to exercise that power for another five years.

In 1917, income tax was inaugurated with the understanding that it would disappear at the end of the war. It has remained. It is thus that centralization in the hands of the federal government is gradually realized: the provinces are deprived, bit by bit, of their powers and the means of exercising them.

Under the pretext of temporary arrangements, precedents are created leading to permanent conditions.

The province of Quebec has more reasons than the other provinces for fearing such political centralization. Besides realizing that Ottawa will raise the greater part of its revenues from within our frontiers to return only a fraction of them to us, we know that it will be in a position to decide what use we shall make of that fraction it will return to us.

Here is what Mr. Angus Macdonald, premier of Nova Scotia, said on March 7 last:

> Could anyone deny that, if the greater part of the revenue accruing to the provinces has to be paid by the dominion, the time may come,—indeed, is it not probable that the time will surely come,—when the dominion will insist on deciding what use the provinces will put them to? The advent of that day will mark the end of provincial autonomy.

This is what centralization will lead us to; it would only increase, I believe, the unfair treatment meted out to the province of Quebec.

(Text):

Mr. J. H. MATTHEWS (Kootenay East): Mr. Speaker, so many complimentary phrases have been addressed to the Minister of Finance (Mr. Abbott) on the presentation of this, his first budget, that it seems almost superfluous to add to them. Yet along with others I do wish to compliment him, even though I do not agree that his budget is as fine as he would have us believe.

Others have taken that budget apart and revealed to us its many deficiencies, and there is no need for me to do so. However I want to say that I share the disappointment felt by many thousands of people, in that the exemptions have not been raised to $1,000 for single persons and $2,000 for married persons. Speaking in this debate a few days ago, the hon. member for Cape Breton South (Mr. Gillis) said, as reported at page 2897 of *Hansard,* that people would not mind paying taxes for a decent social security plan. I quite agree with the hon. member. For many years as a servant of the church my salary with exemptions did not bring me into the taxable group. When I heard people from time to time grousing about the taxes they had to pay I said then, as I say now, "Give me the salary and I will gladly pay the taxes." That, sir, is the feeling of many thousands who are in such low income groups that they do not come anywhere near being taxable. Canadians generally are not a tax evading people. They know that it costs real money to run any country, especially one as large as this dominion, and they are prepared to do their part. But having said that, let me also say that they want their taxes used wisely and economically. They abhor reckless, wasteful spending, much of which went on during the war years; on the other hand, they do not want to strangle progress by the adoption of a penny-pinching policy. There is a happy medium to be struck and they want their Minister of Finance to strike it.

I also want to support another statement made by the hon. member for Cape Breton South when he deplored the fact that the Minister of Finance had not seen fit to drop the nuisance tax on soft drinks and chocolate bars. I have received representations from some comparatively small soft drink manufacturers in my constituency, and they have assured me that on the removal of the two per cent excise tax they will pass the tax savings on to their customers, keeping the price at five cents and maintaining a uniformly high quality of product.

I also want to voice my disappointment with the budget in that no change has been adopted with regard to the taxing of cooperatives. The amount of revenue that has accrued to the government cannot be much; but I know that ever since the tax provisions were applied to cooperatives at the last session of parliament they have not ceased to voice their objections. Let me point out to the minister that when cooperators from the Atlantic to the Pacific voice their objection, an increasing number of the Canadian people are speaking. Personally, I am in entire agreement with those who ask the government to introduce a cooperative act, one that will permit cooperatives to function on a proper basis.

I want now to leave the discussion of the budget for the moment and speak of other matters of national concern. The various countries of the world are engaged in a titanic struggle for markets for their surplus products, and Canada is participating in that struggle. At the moment the limitations of production give a head start to those nations which have the more quickly reverted to a peacetime basis. A hungry world is clamouring for consumer goods, but the day is not far distant when the supply will exceed the demand. Then good will, salesmanship and quality will again enter the picture. There are three areas which particularly interest Canada at the present time. They are the Orient, Great Britain and Europe. The oriental markets we shall have to share with others. The British market is fairly well assured to us by preferential tariffs. The European market has to be developed if Canada is to have her fair share of it.

By way of illustration, let me speak of Czechoslovakia and its needs and the possibility of Canada's developing a real market in that country. Today Czechoslovakia needs large quantities of wheat, rye and other coarse grains, lumber and other goods that we produce in abundance. These she can buy on the open world market at prevailing prices. The difficulty arises when we ask the question "How shall she pay for them?" Not only Czechoslovakia, but all European countries are anxious to buy from us. Their difficulty is that both now and in the future they must pay in dollars. Transportation costs to and from European countries must also be met in dollars. The fact that central Europe (Germany) is an occupied country makes the task all the more difficult in that more United States dollars are required to pay for land transportation. These, together with tariffs against

goods originating outside the British empire make it impossible for them to obtain United States dollars by the export of their goods to both Canada and the United States.

While we can sell large quantities of Canadian products at the present time at world market prices, unless we are prepared to accept their goods in return, we cannot stabilize our trade with these countries now and look forward to the sale of our goods in the future.

Many of these European countries have exhausted their supply of dollars in buying small quantities, even of seed grain for milling purposes, at high prices caused by United States speculative marketing policies. To my mind, Canada should now plan her trading relationships with these nations so that we may develop and perpetuate markets that are open to us, by guaranteeing both now and in the future, the admission to our markets of desirable goods of many descriptions manufactured by eastern European nations and particularly Czechoslovakia.

In return for our Canadian products, Czechoslovakia is prepared to export to us large quantities of goods such as glassware, plate and window glass. She is also a great manufacturer of textile goods; goods that we in Canada need. And I scarcely need point out that there are other countries much nearer to these European nations than we are. They, too, produce wheat and coarse grains in abundance, lumber and a host of other products. If we are not quick to avail ourselves of the opportunities now offering of new and permanent markets, then we must not complain if, while we hesitate, other countries step in and consolidate a position for themselves.

In conclusion, may I point out that a mutual exchange of goods with eastern European countries will go far toward helping them to rehabilitate themselves. This is not a form of relief; it does not involve loans with any question of repayment. It is a good business arrangement for all parties concerned. There have been times in the past when we, too, have been short of United States dollars and our trade has suffered accordingly. Therefore we can appreciate and understand the position in which these eastern European countries find themselves at the present time. They have goods we need and we have goods they want. Let us get together on this thing. Our workers, too, will benefit and will be enabled to pay the taxes so dear to the heart of the Minister of Finance.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, I, too, should like to join with others in congratulating the Minister of Finance (Mr. Abbott) upon the delivery of his first budget speech. In all sincerity, however, I cannot say that I congratulate him upon the contents of it. In the first place, I consider it took a somewhat dismal and unrealistic view of the future and, second, it fails to provide for an equitable distribution of the burden of debt and taxation.

If there is one thing that is necessary today more than anything else it is to maintain the confidence of the people of this country in our ability to go on and achieve that new order of which we heard so much during the war and of which we hear so little today. It is not to be wondered at if the people are today beginning to fear that they will seek that new order in vain, because they will recall, and hon. members will recall, that the Prime Minister (Mr. Mackenzie King) stated during the war that, unless that new order was well on its way before the end of the war, we might look for it in vain. Many people are already beginning to wonder whether or not that promise was given merely in the form of a bribe that would cause them to be willing to undergo great sacrifices during the war.

We are still in a state of reconversion, a transition period from war to peace, and the maximum output of consumer goods has not yet been reached. On the other hand, I think everybody in Canada knows, or at least they should know, that when reconversion has been completed the Canadian people will be in position to enjoy the highest standard of living that they have ever had or ever dreamed of. We suggest that it is high time we face these problems realistically and deal with them adequately.

I should like to summarize briefly our economic position as disclosed by the minister in his budget speech. Our productive capacity is today many times greater than it was at the start of the war. We have greatly increased the number of our factories and industries and we have greatly increased their efficiency of operation. We also have more skilled labour now than we had at the start of the war and new areas have been opened up to provide raw materials for our increased production. In addition, while carrying on our war effort we were able to reduce our external debt by about thirty-five per cent. I shall refer to our internal debt later on.

The minister disclosed that our national production for 1946 was over $11,000 million and he suggested that by the end of the year it might reach $12,000 million, making a total personal income of $9·2 billion after allowing for investment income not distributed and contributions to pensions. This provides an average income of over $3,000 for a family of four. In spite of that favourable picture, the minister went on to tell us that over fifty per cent of the people in this country who

earn income will have incomes of less than $750 in the single bracket and $1,500 in the married bracket. Keeping those figures in mind, I wish to discuss the minister's statement with reference to normal production, to be found on page 2548 of *Hansard,* where he is reported as having said:

> Moreover, our revenues are based on very high levels of production, incomes and imports which we probably cannot expect as normal levels in future years.

The question that immediately comes to my mind is, why does the minister call the present level abnormal; why does he suggest that we shall not be able to maintain our present levels of production in the future? I suggest that when the Minister of Finance makes a statement of that kind he is bound to create a feeling of lack of confidence in the minds of the people. There is no doubt that our production can be expanded considerably above present levels. At the same time there is no doubt that with over fifty per cent of our population today receiving low incomes we can greatly expand the consumption of goods in this country to provide an effective demand for any increased production that we may be able to accomplish.

In other words, that fifty per cent of the people in the low-income brackets represent a great potential market which we should develop in the future instead of spending so much time and energy in trying to find new markets here or there. It is high time we realized that right on our doorstep we have a potential market which we have never tried to develop in the past. After all, that was to be the purpose of the new order, to guarantee a Canadian standard of living. The Minister of Finance, along with many others, apparently takes it for granted that under our system we are bound to have booms and depressions; because we happen to be up today, he takes it for granted that we must be down tomorrow. Just because we have tolerated slumps and depressions in the past is no reason why we should be prepared to tolerate them in the future. They are not acts of God; they represent the stupidity of man in failing to deal with his economic problems.

I would say that unfortunately the policy of the government today is headed for lower production which may very well result in a depression. If you talk and think in terms of lower production, you will get lower production. In two or three places in his speech the Minister of Finance emphasized the fact that we could not expect to maintain national production, income and employment at present levels. I would suggest that the reason the minister says that is that he does not believe we can maintain an effective demand against that production in the future.

The Minister of Finance referred to the temporary nature of income from reconversion, from the spending of war savings and from our export sales on account of shortages caused by the war. The minister is not alone in that; that is the stand taken today by most financial authorities. The same stand was taken by the governor of the Bank of Canada in 1946, and it has been taken by Beardsley Ruml in the United States and by many other economists. They all fear that we face a depression in the near future, as a result of the fact that we shall have difficulty in maintaining demand against our production. I would say that in Canada we are very fortunate, because, our main problem is that while we can produce an abundance of goods for the people, apparently we cannot provide the necessary purchasing power to the people with which to buy that production. If our problem was that the country was so barren that we could not produce the goods the people required, then we would have a real problem on our hands. Fortunately that is not the case.

I want to deal with this question on a national basis and at a later time I shall deal with the international aspect of it. The Minister of Finance emphasized that when a nation exports goods it must be prepared to accept imports in return, to balance the trade; well so long as we do that we will not change the internal situation. It then becomes a matter of balancing effective demand with supply, whether that supply represents our own production or the production of other nations for which our own production has been exchanged. The problem remains the same just so long as you maintain the balance between your exports and imports. Referring to the times when our production and income fall off, the Minister of Finance had this to say on page 2553 of *Hansard:*

> We must expect, I believe, that at times when our employment, production and incomes are below satisfactory levels, our revenues will fall short of our expenditures. Indeed, at such times it will probably be necessary to incur expenditures of various kinds to assist in restoring better levels of employment and income.

What does the minister mean by "satisfactory levels"? He talks about having lower levels of production, and I should like to know what he means by "satisfactory levels." Will he agree that when our production and income fall below the optimum level, that level is unsatisfactory? That is, will he admit that just the minute our production falls below

the highest level that we are able to accomplish and that the people desire, then it becomes an unsatisfactory level, and it would be the duty of the government to immediately make the necessary expenditures to maintain production at the high level? As pointed out already, the greatest danger to optimum production is a lack of effective demand. I would suggest to the minister that the most equitable way to build up effective demand today would be by expanding the purchasing power of those people who are needy and helpless. That is why in this group we have consistently urged that we should immediately take action to pay an old age pension of $50 a month at the age of sixty and a pension of $50 a month to all who are physically incapacitated and unemployable. The pension for those physically incapacitated would, of course, have to be graded according to their degree of disability. I suggest that it is not necessary to wait for an agreement with the provinces to do that because, if the federal government accepted full responsibility for paying these pensions, no province would, I think, object to receiving the sum on behalf of its people, and of course the pensions should be paid without the application of the means test.

The Minister of Finance would no doubt protest against the financial cost of such a proposal because, when it was suggested last year, I recall that the Minister of National Health and Welfare (Mr. Martin) objected that the financial cost would be altogether too great. On the other hand, I do not think anyone in the house will dare suggest that we shall not have the goods in this country necessary to satisfy the demand that would be created by the payment of those pensions, because, remember, the great problem we are afraid of in the future is lack of an effective demand, and that would be one way of creating an effective demand against the production that we know we shall have in this country. It is not a question of money; it is a question of goods. During the war the government repeatedly said that no financial limitations would be allowed to impede our war effort. Then why should we allow financial limitations to impede us in peace time and bring on a depression?

I recall a speech which the Prime Minister (Mr. Mackenzie King) made in 1944, in which he said that after the war it should be easier to obtain the money to finance production and reconstruction than it had been to finance the war effort, and, further, that it should be possible at the same time to reduce both debt and taxation. It might be well for me to read just what he said, because no doubt he meant what he said at that time, and it is necessary that we should keep those words of his in mind today when people talk of our not being able to get the money to meet necessary expenditure, although we were able to finance five billion dollars a year for our war effort. I refer hon. members to page 2101 of *Hansard* of April 17, 1944. The Prime Minister was replying to a question by the leader of this group who had asked where the money was to come from to finance post-war projects which had been referred to, and the Prime Minister said:

> My purpose in speaking in answer to my hon. friend was, however, to point out that if it has been possible in this time of war for this country to raise the enormous sums which have been raised to help pay the cost of the war, running into billions of dollars, it it has been possible to raise at least half of the total cost of the war at the time of the war itself, it should be a very much easier task for the government to raise the money that will be necessary for the purpose of reconstruction. It should be easier for this reason. The money we are raising today is being raised unfortunately for the purposes of destruction of human life and property, and this on a colossal scale. The money that we will have to raise for purposes of reconstruction will be money that will be used for purposes of construction, used to further increase all commodities in order to satisfy human wants. Once a human want is satisfied, it seems to be the case that new wants are thereby created which will also have to be satisfied. I think it will be possible to satisfy many wants by maximum production of useful and usable commodities. It should not be difficult to obtain the money, in other words the effective demand, which will be essential, and at the same time I would hope to reduce taxation and also debt.

I am sure that every hon. member would like to agree with that statement, but it is not borne out by the record of history. We did not appear to have very much difficulty in financing the war of 1914-18, nor did we have difficulty in financing the war of 1939 to 1945. But I recall that during the 1930's we were told time and again in this house that it was impossible for the government to finance this or that because it lacked the money. The Prime Minister said that it should be easier to finance production and reconstruction in peace time than it had been to finance the war and that we should be able to maintain production and employment and income at the maximum level and at the same time reduce debt and taxation.

Mr. LOW: That is the challenge facing the government right now.

Mr. QUELCH: Would the Minister of Finance agree with that statement of the Prime Minister? Apparently he does not, or

he would not have brought down the kind of budget he did. If he does agree with the Prime Minister he should withdraw this budget and bring down a realistic one. I do not blame the Minister of Finance for one moment if he disagrees with the statement of the Prime Minister, because I do not believe that it will be easier to bring into being and finance a new order than it was to finance the war effort so long as we carry on under a debt-creating system. The Prime Minister was careful to say that it "should be" easier, which is typical of so many of his statements. It might mean something, or it might be mere wishful thinking. We all agree that it would be easier to finance peacetime production than wartime production if our system of financing were sound and equitable, but unfortunately the government's war finance policy was neither the one nor the other, and consequently our peacetime programme is handicapped by a burden of debt extending to seventeen and a half billion dollars today. During the war a large percentage of our production was financed by going into debt and, while a large percentage of that production has been destroyed, the major portion of the debt still remains with us.

I do not consider it is an honest, perhaps I should say a businesslike statement to say that you have a surplus on current account when this surplus has been obtained by the sale of capital that has not even been paid for. That statement of the Minister of Finance reminds me of an incident in the early homestead days. I had a young neighbour from Australia who had no intention of following farming as an occupation. He was out to try to make money quickly. He went to a number of machine agencies in the nearby towns and bought up a number of new wagons. You could go to a machine agency in those days and buy machinery without paying any money down, but simply signing a note. After he had bought a number of new wagons he bought a number of teams on the same terms. Then he took a subcontract for railroad construction and stayed on the railway all summer. When he came back in the fall I rode to his place to see how he had got along. He seemed quite cheerful and said, "Not too badly at all." I asked him "Where is your outfit?" I could not see any horses or wagons around the place. He replied, "I had some pretty heavy expenses. They reduced my grade level by one foot and put me on force account work, and in order to meet my expenses I had to sell my outfit but I still have a nice little surplus." That is the position of the Minister of Finance today. That outfit had not even been paid for, but after he had sold it, he met his other expenses and had a nice little surplus. So in the future it will not be merely a question of finding money to maintain full production; there will be an interest charge of $437,000,000 a year to meet on our national debt. The financial advisers of the government would have us believe that a national debt owed internally is not a great handicap. Members who were on the banking committee in 1939 will recall how Mr. Towers, governor of the Bank of Canada, in reply to a question whether we should be able to pay off the national debt, said that he did not think there was any sense in the question. He said, "Why should we pay off the national debt? The national debt is a national asset. Therefore why pay it off?" He went on to say that it was generally found that a country where the debt was reduced became less prosperous. Perhaps I had better quote his actual words, because some people may say I am taking an unfair meaning from them. These are the words he used in 1939 before the banking committee. They are found on page 80 of the minutes of proceedings and evidence. This question was asked:

> Is it possible for you to imagine any way by which we are ever going to pay the debt we have got?

Mr. Towers replied:

> As the debts of the government are an asset of the Canadian people, I do not see much point in the thing; except that, to the extent that the government thinks that the distribution of those assets of the Canadian people—which are its debt—is unsatisfactory, it may take steps to remedy that distribution in any way that lies within the legislative power; in fact, in any way, I suppose—by income tax or succession duties or any other action it cares to take.

Then, when we came back to the question of the national debt later on he had this to say, as reported at page 235. I think this statement is perhaps one of the reasons why the government has not shown any concern regarding the national debt. Mark well what the governor of the Bank of Canada said at the time when the national debt of this country was in the neighbourhood of $3 billion. He said:

> So that all I can say would be this, that in a country where the sum total of public and private debt was decreasing you have a country which is going backward, and which is becoming more poverty stricken. Generally speaking, in a country where you find there is no public and private debt you have a country resembling darkest Africa; there is nothing else.

Therefore, according to that, the bigger the debt, the bigger the asset; the bigger the asset, the more prosperity there is in the country. Why pay off your national debt? All you have to do is to create a bigger debt and we become more and more prosperous. I wonder how any

businessman in Canada would do if he ran his business on that line. While an internal debt is not, of course, as serious a problem as an external debt because payment does not require sending wealth abroad, on the other hand, unless there is an equitable distribution of the debt claims it may be the major contributing factor to depression. That unfortunately is the situation regarding the national debt of Canada today. The greater part of it is owed to a comparatively few individuals and corporations. If anybody doubts that for one minute, in view of the great publicity and wide distribution our loans got during the war, just make an analysis of any one of the war loans made during the war. What will you find? You will find in each one of these that less than one-third of one per cent of the subscribers purchased sixty per cent of the total subscriptions. In addition to that, we sold over $3 billion worth of bonds to the chartered banks. So, while the national debt is a liability of all the Canadian people, the major part of the debt is an asset of only a minority. Therefore, directly or indirectly all the people will be taxed in order to pay the greater part of this interest to a minority in the country. This situation will become progressively worse in the future as the small bond holder is forced to sell his bonds in order to get the money to meet his cost of living.

During the war we repeatedly criticized this inequitable method of financing. We emphasized the need for more equitable distribution of debt. We repeatedly suggested to the Minister of Finance that all money taxed from people with incomes less than $2,000 in the married brackets and $1,200 in the single bracket be in the form of compulsory savings; that is to say, that all money that was taken from the people in the lower income brackets should be credited to their accounts in the chartered banks and frozen there for the duration of the war. Then, as production expanded in relation to demand, the government could release so much of these savings year by year in order to help maintain that demand against our production. This would have been a form of insurance against lack of effective demand. But, more important, it would have given the people in the lower income brackets a share of the national debt that Mr. Towers says is a national asset. But until such time that there is a more equitable distribution of the claims upon that debt, we are not in a position to call it a real asset of the Canadian people. It is a national liability, an asset of the minority of the population.

Furthermore, during that time we urged that, to the extent that the taxation and the borrowings of the people's real savings failed to meet government expenditures, national money could be used instead of money created by the chartered banks and lent to the government. During the war the government found it impossible to finance by taxing the people's savings alone. They found it necessary to get large sums of new money created, well over $4 billion. But instead of using our own bank, the Bank of Canada, they depended largely upon the chartered banks, with the result that we increased our debt to the chartered banks by over $3 billion. As a consequence of our war financing policy, we are now paying interest on $17,500 million of debt, the greater part of which goes to the financial corporations in the country. In other words, the government has insisted on maintaining a financial policy under which Canada has been forced into debt to provide a safe investment for financial institutions and corporations throughout the dominion.

The taxing of people to pay interest on this debt is bound to reduce effective demand and have a deflationary effect upon the country. Therefore we urge upon the government the need progressively to reduce this debt by refunding through the Bank of Canada. This has been our suggestion consistently throughout the time that we have been here, and I am glad to see that a progressive lead was given to the Liberal party the other day by the hon. member for Restigouche-Madawaska (Mr. Michaud). At one time there used to be others in the Liberal party who took a similar view. I refer to the former member for Vancouver-Burrard, Mr. McGeer, who is now in the senate, and the former member for Parry Sound, Mr. Slaght. But there are two members in the house now who used to take quite a strong stand on this question. I refer to the hon. member for Rosthern (Mr. Tucker) and the Minister of Veterans Affairs (Mr. Mackenzie). The Minister of Veterans Affairs was a monetary reformer before I was a member of the house. These hon. gentlemen are now, respectively, a parliamentary assistant, and a minister of the crown. I believe they will find it difficult to convince the government that their financial policy was sound, and thereby make it possible to find the money that will be needed to deal with the veterans' problems adequately, because I have in mind a statement made by a previous minister of veterans affairs. I remember that back in 1936 when we were dealing with the question of making pensions retroactive the then minister of veterans affairs said that he quite agreed veterans should have their pensions made retroactive, but it was not a ques-

tion of what the veterans should have but rather of what the government could afford, because, he said, the government was practically bankrupt. That was in 1936 when the national debt was less than $3 billion. I hope the hon. member for Rosthern and the present Minister of Veterans Affairs will be able to use all their powers to try to convince the government to adopt a realistic financial policy under which justice may be done to the veterans of today, and I hope we shall not have the same statement made as the former minister of veterans affairs made in 1936 that the veterans should receive a better deal but that the government was bankrupt. If there is any bankruptcy I would say it is bankruptcy of ideas rather than of money.

Mr. LOW: Economic illiteracy.

Mr. QUELCH: I should also like to join with the hon. member for Restigouche-Madawaska in his reference to the various letters which have been sent out by Mr. Wilfrid E. Krug. I think he has been doing a great service to Canada.

I believe there has developed in the country widespread opposition to the high rate of taxation levied in part in order to provide the money to pay interest on bonds held by financial institutions. The question is often raised, would financing through the Bank of Canada cause inflation? My reply would be, not necessarily, if carried out wisely. People today have money in bonds for investment purposes, in order to get the interest. If the people who hold these bonds today wish to spend that money they can take the bonds to the chartered banks and cash them. The chartered banks create new money for that purpose. That is being done. It was done in the later stages of the war and it is being done today. If the people holding bonds want money for their bonds they get that money today. Therefore, if we finance the purchase of these bonds through the Bank of Canada it will not make any difference in that regard. The people who get the money for their bonds will immediately seek investment in other fields. We insist that the refunding of the debts as they mature should be done through the Bank of Canada. Then the holders of those bonds, upon receipt of the money, will immediately seek investment in the proper field of investment, namely, in private industry and commercial enterprise.

The former Minister of Finance defended using capital from United States residents on the ground that we lack venture capital in this country; that is to say, he defended borrowing from the United States of America on the ground that we had to get a certain amount of capital from that country because we lacked venture capital. I would say that so long as investment in government bonds is encouraged, investment in industry will be discouraged. Refunding dominion bonds through the Bank of Canada would tend to force investment in industry and provide all the venture capital that we need. If the government still argues that the expansion of the chartered banks' cash reserves resulting from refunding would cause inflation, then it could very well amend the Bank Act to compel the chartered banks to maintain 100 per cent cash reserves behind their demand deposits; that would adequately prevent the danger of inflation.

I quite realize that the minister may say, "That would be too hard upon the profits of the chartered banks." But I do not consider it to be the responsibility or the duty of the government to provide investments for the financial institutions of this country and then tax the people to pay the interest on those investments. Let the financial institutions and corporations invest their money in industry instead of expecting the government to provide them with an investment backed by the resources of the country, and then use the Minister of National Revenue as a collector for it. That is really what the government is doing. It is making the Minister of National Revenue a collector for a most undesirable kind of racket.

Mr. LOW: Social security for the few.

Mr. QUELCH: If the government insists on financing in the future as in the past, then I would say that depressions are inevitable, with expanding debt. From confederation up to this year we have had only fifteen balanced budgets, with a continuously rising public debt. Even in the years when we had a balanced budget in this country our public debt still expanded, because the provinces and municipalities were forced into debt. Of course the minister may say that it is different this year, that we have a surplus, that there is no increase in the debt, and that we are actually reducing the debt. But as I pointed out, that surplus is due to sale of capital which cannot be considered, or should not be considered, as current revenue. If, during the past eighty years, it has not been possible to halt the growth of public debt, what likelihood is there that in the future we shall be able to halt its growth? Are we going to suggest that the reason we could not prevent the growth of debt in the past was that our ministers of finance were incompetent or dishonest? If we are not prepared to admit that,

then I think we must admit the problems which will face the present and future ministers of finance will be far greater, because we have expanded our debt many times over. We have today many far greater problems to meet than we had in days gone by.

The Minister of Finance, like former ministers, apparently still believes or hopes that we can tax ourselves into prosperity and borrow ourselves out of debt. Doctor Cyril James, when giving evidence before the reconstruction committee, emphasized the fact that we need a new budget philosophy in this country. He said that we should have two types of budget: one to balance current expenditures and revenue, and another, which would be a long-term budget, to finance capital expenditures. He said that in all probability under that system we shall see the national debt increased by several hundreds of millions of dollars in the next 100 years. I do not know why he stopped at 100 years because, if we go into debt steadily for the next 100 years, I should imagine that we shall have increased our debt to such a size that we shall have even greater difficulty in meeting our obligations as long as we continued under the present financial system. The only sound alternative would be to finance our national projects through the Bank of Canada and pay for them through taxation at the rate of depreciation of the capital asset, so that the capital asset is paid for during its lifetime instead of the debt being passed on for future generations. When we finance as we are doing today, the debt may run on for many years, so that, when the final payment is made, you have not only paid for the capital asset in the form of principal, but paid for it many times over in the form of interest.

In closing, I should just like to say that the budget should have embodied in it the following features:

1. It should provide the means for maintaining an optimum development of our resources.

2. It should provide for maintaining the purchasing power of the people at a level sufficiently high to create an effective demand or market for our production.

3. It should provide the means for a basic income to all citizens.

4. It should provide for meeting any deficiency in revenue by the use of national money, thereby making it possible to bring about a reduction in debt and taxation and at the same time maintain the income of the country at its highest level.

At six o'clock the house took recess.

[Mr. Quelch.]

After Recess

The house resumed at eight o'clock.

Mr. N. J. M. LOCKHART (Lincoln): Mr. Speaker, my observations this evening will be fairly brief, and more of a general nature. It is my desire to avoid repetition as far as possible, and when the budget resolutions are before the house they will provide ample opportunity for perhaps more detailed discussion.

In presenting his budget—and I may add that, in my opinion, he presented it extremely well—the minister was optimistic in proclaiming a surplus of something over $300,000,000. I do not find myself in such an optimistic mood as that of the minister on the night he delivered his budget speech. However, as he proceeded we found him to be quite frank in admitting that the surplus of $300,000,000 odd was perhaps made up largely of the proceeds from the sale of war materials by War Assets Corporation. Two or three weeks ago, in conversation with two officials of that corporation, I asked their honest opinion about the disposal of commodities placed in their hands. One man was very frank in saying that he thought the organization had been started a year too late. He said it was already evident that markets were disappearing rapidly, because new commodities of many kinds were now appearing and this had a definite effect on the prices that could be realized from the sale of war assets. He expressed the fear that perhaps much of the materials which could have been salvaged to fair advantage might be headed for the scrap pile.

From my observations and investigations in connection with some of the airports in my own district, in regard to the machinery and other materials disposed of there, I am inclined to agree with him. I hope he is wrong, because, after all, these materials would have been of considerable value if they had been properly sold. In any event, time will tell that story. But it seems to me that the surplus of $300,000,000 might shrink rapidly as developments take place in the very near future, and I should like to give one instance to show why I make this statement. A veteran located some distance from my own city, though still in my own constituency, bought from War Assets Corporation a large quantity of material with which to build himself a small home. I believe those materials consisted of lumber, wallboard, plaster base, electrical equipment, plumbing supplies and so on. Most of it was used material; some had been taken off other buildings during the demolition of airport buildings and the like. He bought the material at open prices; he could not get it anywhere else and in his desperation, because he was in

a difficult position, he bought these things expecting to be given fair treatment. A little later on, he claimed to me that he had been overcharged, and spoke of one item in particular, that of plaster base, for which he said he had been charged $42 per thousand. It had been taken off the walls of an air force building and had the usual nail holes and ragged edges which anyone who knows anything about such materials would quite expect. He asked me about the price and I said, "Well, young man, there is something wrong, because the ceiling price on that commodity is $26 per thousand." I had occasion to inspect the materials, and I had to agree that it did appear as though he had been wrongly charged. So I took up the matter with War Assets Corporation here, asking that a competent inspector and valuator be sent to that job. This was done, and I want to thank the officials of the corporation for giving such prompt attention to this matter. They sent an appraiser, and I am told he was quite competent. He inspected the materials, and found that what had been stated was to a large extent actually true. Just two or three weeks ago I had a letter from this veteran expressing his deep gratitude for having received such favourable consideration. His account was reduced by a total of $600.

I say, Mr. Speaker, if an adjustment like that can be made in connection with one small lot of material our surplus of $300,000,000, which is largely accounted for by the sale of surplus war materials, might reasonably be expected to be considerably reduced. To me, this transaction smacks a little of inefficiency. I cannot understand why veterans in particular should be given that kind of treatment. This particular matter was straightened out and adjusted, but this sort of thing may have a definite effect on the actual results as far as our so-called surplus is concerned.

In his budget the minister provided some relief from income tax for those in lower income brackets, and the hon. member for Muskoka-Ontario (Mr. Macdonnell) in his able speech, and also again this afternoon the hon. member for Kamloops (Mr. Fulton), dealt with that phase of the matter in detail. I do not intend to deal with the statistics in this connection, because I believe that can be done more effectively in the discussion on the budget resolutions.

The war has now been over for two years, but the man on the street is far from satisfied when he sees his income tax and all other taxes continuing on a war basis. He states readily that production is rapidly falling off, a condition which he cannot understand. At the same time he says that food prices are rising with equal rapidity. Many I have talked to say it is just as if the minister had handed them a crust of bread with one hand and taken it away with the other. One chap, speaking in a humorous vein, likened it to the father who paid his child one cent to go to bed, and then took it away from him after he had gone to sleep. That seems to be the general impression of the average man on the street, particularly those who struggled so hard during the years of war. It applies with marked effect in respect of the man who worked for a set salary during the war years, and did not receive any great benefit from war production.

If there is a surplus either in the amount mentioned by the minister, or in a lesser amount—and I am inclined to believe that the lesser amount is more accurate—there has been nothing set aside for those old age pensioners, who have been promised something. Neither was there anything for blind pensioners, or for aged civil servants, many of whom took it on the chin during the war years.

With the advance in the cost of living industrial workers received a cost of living bonus, and rightly so; but not the old age pensioner, the blind pensioners or aged civil servants on retirement. They had to struggle along as best they could.

Only a few days ago there was tabled in the house a return setting out the hundreds of thousands of dollars paid by way of war supplements to many types and classes; and I shall not say "all", because some seemed to be overlooked, mysteriously. For the most part those war supplements were paid to civil servants in this city and elsewhere. I am one who believes that a workman is worthy of his hire, and I do not object to that practice. If a man or woman is worth a certain amount, by all means pay it. But I would point out that certain classes of people have been totally overlooked. I feel, therefore, that perhaps if the government had been a little more fair in the matter there might not have been so much surplus in the minister's hands as he claims.

I turn now to another surplus, one which I cannot understand. The records show that in the past year there was a surplus of $11 million in the Post Office Department, and that since the outbreak of war a surplus of $42 million, approximately, is credited to that department. It is true that at one time the minister did authorize a slight reduction in parcel rates to Britain. I claim, however, that he

could have done much more, and that at the present time he can, and should, do much more.

Orders in council were passed almost overnight, and this is still being done. Yesterday we had evidence which would seem to indicate that one minister passed an order in council which another minister seemed to know nothing about. Apparently it is quite easy to slide them through. How about passing an order in council cutting postal rates back to the pre-war basis. It is about time that consideration was given to that, and that we stopped talking about a false surplus. A reduction of the kind I have suggested would help everyone to meet the higher costs of living. No one would complain, because it would affect the purse of every man who has to pay ten cents more for a pound of butter.

Particularly let us make a real effort to cut in half postal rates on food parcels being sent to Britain. A surplus of $42 million has accumulated in a department which I always thought was supposed to be a non-profit branch of government; at least that has been my understanding of it in my years in the House of Commons. I may be wrong, but that has been my impression. If that $42 million is included in the $300 million surplus, then I say it is time to hand out a portion of it to the people by way of a return to pre-war postage rates.

Hon. members have noted the effort being made by Ontario in connection with flood relief, one of the most worthy projects that could have been undertaken. I wonder if, just for once, the federal government could not take a lead from Ontario. The province is doing a real job in this respect, and I suggest that the Minister of Finance (Mr. Abbott) confer with the Postmaster General (Mr. Bertrand) to see if something could not be done along the lines I have suggested. Let us share some of that $42 million of accumulated surplus with our friends in Britain who are starving themselves in an effort to feed starving humanity in Europe. If that effort were made, we would certainly be doing nothing wrong, and at the same time we would help our own people by permitting them to return to a pre-war basis for postage. I believe any effort on our part to allocate some of this accumulated money for the purpose of sending things at cheaper rates to the people in Britain would be commended by people throughout the country.

There is one further point I should like to discuss in some detail. Yesterday the Minister of Reconstruction and Supply (Mr. Howe) announced in the house that the government agency to provide housing for veterans has largely failed. I would ask any hon. member this question: What is the poor veteran going to do? Speaking in a jocular fashion, the Minister of Veterans Affairs (Mr. Mackenzie) said he intended to subpoena someone to attend before the public accounts committee. I am going to hold a public meeting on the ground where forty veterans homes have been constructed, and I am wondering whether I might subpoena the minister to come down to see what the actual situation is. Some hon. member suggests that perhaps we could take the public accounts committee there and have a meeting. That might be a good idea. However, we shall have a meeting there one of these week-ends and get to the bottom of this thing. I gave the details to the minister and I must say that he appears to be trying to do all that is fair. Today I received a communication that the matter will be followed through carefully.

If these government agencies have failed, what has the veteran left to turn to? Some of our hon. friends to my left here talk about free enterprise. If they had a chance to get behind free enterprise and free enterprise is given the proper opportunity to do the job, it should be given a chance to show what it can do.

Mr. NICHOLSON: Who is stopping them?

Mr. LOCKHART: I am putting it up to the government. If the members of the C.C.F. had their way it would be certainly stopped. The veteran must have some help. The distribution of building materials is wrong. I want to say a word to the minister of reconstruction about the distribution of certain materials. The minister told us some weeks ago that the supply of nails in the country was about equal to the demand. I suppose he was referring to the nails being produced by Canadian manufacturers. I am sure the house will be astounded when I tell it that from October 1, 1946, to March 31, 1947, a total of 32,487 kegs of nails was imported into Canada from the United States. Those were in addition to the production which the minister stated was nearly equal to the demand. The value of those nails was $266,825, or approximately $8.20 per keg of 100 pounds.

I ask any hon. member to go back home and talk to his veteran friends who are trying to build homes for themselves through private contractors, perhaps doing some of the work themselves. He will find that these men are being handicapped because they cannot get lumber or nails. Last Saturday afternoon I visited an area where at least forty veterans who had saved their money were trying to

build homes without any help from any government agency. I talked to twelve or fifteen of these men; some of them told me that they had their excavations in; a few had finished their foundations and some had part of the framework up. Some of these men told me that they had gone to Niagara Falls, New York, to buy five pounds of nails at ten cents a pound plus one cent a pound duty. That was all they could get. That is the story they told me. If there are the nails in the country that we have been hearing about, then there is something wrong with the distribution. I am going to see these men again on Saturday; I have written to several of them, and I want to have a group of them there so that I can tell them some of the things I have found out.

As I say, I learned about the 32,487 kegs of nails which have come into Canada in addition to what have been manufactured here. The hon. member for Frontenac-Addington (Mr. Aylesworth) had his car here and he was good enough to drive me to one or two jobs which are in progress in this city. I went to one very large job and I counted 247 kegs of nails being used. A workman told me that the original order had been for 1,000 kegs of nails. I was told the name of the local hardware man who had the order, as he supposed. I called on that local hardware man and I begged him to give me a keg each of two and a half inch and four-inch nails for a veteran who is in dire need. I will not relate the circumstances, but they would almost bring tears to your eyes, Mr. Speaker, I wanted just one keg of each size and I could not get them.

This hardware man admitted that he had tried to get the order for 1,000 kegs but someone else had got it. He told me he could not give me any nails. He admitted that that amount of nails had been concentrated on the one job. When I visited the job I found that the nails came from the Bethlehem Steel Company in the United States. I saw the nails myself. They were splendid nails and were doing a good job nailing together the hundreds of thousands of feet of lumber which were being cut up in short length for a particular purpose. Thousands of feet of lumber and tens of thousands of feet of wallboard and panel board are being used. I did not go over the entire job, but I suppose I could have found several hundred more kegs of nails.

What I maintain is that the distribution is wrong. That lumber which is being cut up will never reach veterans' homes. You cannot cut lumber up into one, two, three, four or five foot lengths and expect to use it in a veteran's home. I am appealing to someone to try to find out whether this thing cannot be done in a more equitable way. I ask the government to try some way to channel lumber and nails into the hands of veterans or private contractors who are building homes for veterans. That is their only hope; there is nothing left. It is the last hope the veteran has. I appeal to the government not to permit the concentration of tremendous quantities of essential materials in the manner to which I have referred.

There certainly appears to be surpluses of materials in some places, and my point is that we should get behind the veteran, we should try through private enterprise to see that these goods, particularly lumber and nails, are channelled so that these homes can get under way. The veteran is up against an absolute stone wall today because he cannot get these materials.

I have no hesitation in criticizing this concentration of materials on large jobs which might just as well have not been proceeded with. I am pleading with the government to see that something be done at once to remedy the situation. I believe there was a tinge of sadness in the minister's voice when he made his announcement; I really believe he intended to see the veteran taken care of. However, he has failed. My plea to the government is to give the veteran this last chance. Bring about the proper distribution of the essential materials and then I am sure that we shall have, through the veterans themselves, by their own resources and through the resources of private enterprise, far more homes and far better homes than we have ever had under these government housing schemes in the last two or three years.

Mr. J. E. MATTHEWS (Brandon): Mr. Speaker, I have always admired the quality of the budget speeches and the tone of the budget debates in this house. I want to congratulate the hon. member who has just sat down (Mr. Lockhart) on the forcefulness of his speech. I have on several occasions had the pleasure of tendering my congratulations to that prince of finance ministers, the present Minister of Justice (Mr. Ilsley). I say without hesitation that our people are coming to realize more clearly every year our debt to the former finance minister for his able administration during the war years.

If we keep in mind that Canada's first parliament lasted only forty-three days and that the first budget speech in April, 1868, forecast an expenditure of $14 million, it is interesting to recall budget estimates for some later years. For instance, for the year ended March 31, 1915, Hon. Thomas White

budgeted for an expenditure of $190 million; in 1920 the same finance minister, then Sir Thomas White, budgeted for an expenditure of $620 million; 1925, Mr. Robb, $342 million; 1930, Mr. Dunning, $360 million; 1935, Mr. Rhodes, $351 million; 1940, Mr. Dunning, $550 million; 1945, Hon. J. L. Ilsley, $5,152 million, or just ten times as much as the 1940 budget; 1946, Mr. Ilsley, $4,650 million, and in 1947, $2,750 million; and for the financial year ending March 31, 1948, our present Minister of Finance (Mr. Abbott) budgets for an expenditure of $2,450 million.

These figures give us some idea of the development of Canadian governmental finance since that first budget of $14 million. They also serve to make more clear the Right Hon. Mr. Ilsley's colossal task and his tremendous achievements. But time keeps rolling on, and the Ilsley mantle, so creditably worn by him, has now fallen unspotted and secure upon the capable shoulders of another man. I have seldom been as proud of any budget speech I have heard as that delivered by the present Minister of Finance in this parliament on the evening of April 29. At the very outset he struck a note of triumph, a note of confidence, a note of achievement, yes, a note of mastery, if you will, and that note he held right through to the finish. As I listened to his words of conviction and his acceptance of the challenge of the future; as I gleaned something of the growth and expansion of this country's business as indicated in the budget figures just quoted. I realized once again how proud I ought to be, and how proud I am, of the privilege of calling myself a Canadian.

Major H. G. L. Strange, a widely known resident of western Canada, prominent in the grain trade and in research, recently returned from seven weeks spent in Great Britain, France, Belgium, Holland and Denmark. He has this to say:

> The overwhelming impression comes over me that each one of us should utter a daily prayer of thankfulness that we are citizens of Canada with all that this great country has to offer to adults and to the future of our rising generation.

And then Major Strange, rightly or wrongly, goes on to say that hope for the future is almost disappearing in Britain and in the whole of Europe and is being replaced by a feeling of sadness and resignation. These are serious words made by a capable observer, a responsible man, and we may well pause to wonder as to the future.

We all realize that the years as they roll around bring some new experience; there is no doubt about that. During the course of my young life, I have listened to many budgets, some federal, some provincial, some municipal. I have heard finance ministers roundly criticized for having ended the fiscal year with a deficit. But it is a new experience to me to hear a minister criticized for having closed the year with a substantial surplus. I have heard shafts of ridicule showered upon a minister when he announced higher taxes, but again it is a new experience to hear him condemned when he announces lower taxes.

We all know that many a finance minister has had to run the gauntlet of opposition sniping, when he announced an increase in national or provincial debt, but again it is a novel experience to hear a minister roundly denounced when he has made a big reduction in the national debt.

I pause to ask, as I may well do, what is the score anyway? What is back of all this? What is in the minds of those who thus criticize the budget? Are we to assume, as we are compelled to do, that some opposition speakers are in reality saying to the finance minister: You should not have a surplus when we were all primed for you to announce a deficit? Are they saying to the finance minister: You have no right to lower the taxes in this country because we were confident you would have to increase them? And again, is their attitude not equivalent to saying to the finance minister: Why did you reduce the national debt? Why did you not increase the debt, thereby increasing our interest charges and thus compelling us to pay still higher taxes? Surely, Mr. Speaker, some of our opposition friends are beginning to realize the astounding absurdity of their criticisms, because the tone and calibre of many of their speeches do not lend themselves to any other interpretation than that I have just mentioned.

No one resents more than I do the fact that Hitler has compelled me to pay higher taxes. But I am thankful today to be living in a country and among people where we enjoy something—and greatest of all, our freedom—for the taxes we have to pay. It could have been different, for let us not forget that we are paying taxes to ourselves as Canadians and not to any foreign foe. It could have been different, yes, and it very nearly was different. Someone has well remarked how great civilizations of the past, such as Babylon, Crete, Egypt, Greece and Rome "went over the cliff." It is only as we get farther away from the suspense of the war days, only as more war secrets are being revealed, that we begin to realize how narrowly our own nation was saved from going over the cliff.

No, I do not like paying taxes; but when I realize that a large part of the taxes I paid last year was applied to reducing my indebtedness it takes away the sting. The Minister of

Finance (Mr. Abbott) collected—and this is some of the criticism—mostly from Canadian taxpayers, $352 million that he did not use. The question is, what did he do with it? Well, he did not start stepping out. He did not act the part of Canada's prodigal son and encourage this nation to spend that surplus in riotous living. No; he did with that surplus just what he should have done; he did with it what any man with ordinary horse sense should have done. He applied that surplus of $352 million to the reduction of our national debt. What does that reduction mean to the citizens of Canada? Assuming interest paid at three per cent—the government is paying that and more on an average on its victory bonds—they have in that one retirement saved the people of this country interest payments of $10,500,000 annually all down the coming years. I leave it to the Canadian people and I leave it to the good sense of my hon. friends across the way to say whether or not that was good business. Further, Canada's net indebtedness remains at $13,069 million, figures almost beyond our comprehension. Suppose we were to continue retiring the debt at the rate of $352 million a year; any school boy could tell you in thirty seconds that it would take just thirty-seven years to retire the national debt, not including interest.

Mr. JOHNSTON: Then, according to Mr. Towers, the country would be ruined.

Mr. MATTHEWS (Brandon): Do hon. members not think it is about time we got started? The war left us with a legacy of freedom, but it also left us with a legacy of debt. Canadians, old and young, rich and poor, may just as well face the facts. Some scoffing references were made to the Minister of Finance having received in the last fiscal year $372 million from the sale of war material by War Assets Corporation. These sales, our critics point out, cannot be repeated in any future year, and that only resulting from such sales was a surplus on this year's business possible. I suggest that that implication is unfair because, on the other side of the ledger, there are special war expenditures which will not have to be repeated another year. The Minister of Finance was frank enough to state both sides when delivering the budget, and I suggest that his critics should be equally frank. He pointed out that $320 million were paid out in war service gratuities. He pointed out that $70 million were spent in liquidation and termination of war contracts that had to be halted when peace was declared. That amount, too, was spent. These two items alone more than offset the $372 million received from war assets. In addition to these, there were many other large items of expenditure that will not apply in future years. Therefore I say that the argument, when analysed, is completely and overwhelmingly in favour of the minister's position.

May I remark right here that I regard it as a most creditable performance on the part of War Assets Corporation, to have turned back to the government in one year the sum of $372 million, with a lot more still to come. I confess to having been among those who at one time felt that War Assets Corporation was desperately slow in getting the wheels of distribution started. But the completion of their organization was doubtless a much bigger undertaking than most of us realized. I now want to congratulate War Assets Corporation on doing what I regard as a very fine piece of work, and I believe it is everywhere conceded that they are doing that work in the disposal of war material not only efficiently but above board.

May I digress to say that, in my experience, deputy ministers of various departments, secretaries, senior officials and all officials with very few exceptions did everything that was humanly possible in cooperating to solve the perplexing problems that were constantly arising following the period of the war. I want to extend to them, one and all, my deep appreciation and sincere gratitude.

Reverting to the budget, I accord the Minister of Finance every credit for collecting our taxes and reducing our debt when times are good. The great bulk of our citizens have more money than they ever had. It is true that the cost of living has risen; nevertheless over a million persons bought Canada savings bonds last fall at a coupon interest of $2\frac{3}{4}$ per cent. There is also this significant fact that interest bearing deposits in the chartered banks last year amounted to $3,476 million, an increase of $600 million over the previous year. The number of accounts represented was 6,063,000. This does not include the deposits in the provincial chartered banks or in the post office savings department. If we make due allowance for several accounts carried under one name such as trust accounts, it is still safe to say that over five million of our population have savings bank deposits to their credit.

May I here refer to the amendment moved by the hon. member for Muskoka-Ontario (Mr. Macdonnell), in which he deplores the fact that we have indirect and hidden taxes. I am not sure that that comes with very good

grace from some of those on the other side of the house. Part of the amendment reads as follows:

This house regrets that the proposals of the Minister of Finance

(a) offer no relief from the oppressive burden of indirect and hidden taxes on staple necessities that compose the family budget, all of which taxes directly increase the cost of living;

(b) offer no encouragement to those engaged in the development of our natural resources, especially mining and agriculture.

In that regard the Minister of Agriculture (Mr. Gardiner) made this pointed observation a few days ago. Many hon. members heard him. He said:

In my reading of the history of Canada, particularly its political history, I have always been under the impression that the members of the Conservative party were strong advocates of the indirect system of taxation and that the Liberal party over a long period of years had been a strong advocate of the direct system of taxation.

A big principle is introduced in the amendment, but let us see how it works out in practice. Much of the record, almost the whole record, of the Conservative party is manifest in their consistent raising of indirect or hidden taxes. We all know that. During the last Conservative regime, tariffs were raised to a startling degree. Sales taxes were raised. An excise tax of three per cent was placed on all imported goods. Taxes on lower incomes were raised; postage was raised; taxes on cheques were raised; nuisance taxes were levied and taxes on sugar were inaugurated.

Let us compare, say the fiscal year ended March 31, 1941, with that ended March 31, 1945. So far as the three chief hidden taxes are concerned, in 1941 customs duties made up 16·8 per cent of the national revenue; in 1945, only 5·37 per cent. Another hidden tax, the excise tax, represented 11·3 per cent of the national revenue in 1941. That was down to 7 per cent in 1945. Sales taxes represented twenty-three per cent in 1941 and were reduced to 9·7 per cent in 1945. The total of 51 per cent in 1941 was reduced to 22 per cent in 1945. That is the answer so far as hidden or indirect taxes are concerned. With regard to direct taxation—and I mean taxes that were not hidden—the present government came right out into the open. Income taxes and excess profit taxes, which five or six years ago formed only 28 per cent of our national revenue, now form about 60 per cent of it. There is nothing very much hidden about that; it is not nearly so hidden as is the implication in the amendment to which I have referred.

[Mr. J. E. Matthews.]

Paragraph (b) of that amendment expresses the criticism that the proposals of the budget:

offer no encouragement to those engaged in the development of our natural resources, especially mining and agriculture.

This is another complaint which I am going to diagnose for a few moments. I do not pretend to know anything about mining conditions. Those were well discussed a few evenings ago by the hon. member for Cochrane (Mr. Bradette). But representing, as I do, just about the best agricultural constituency in Canada—and I have seen most of them—I propose to make a few remarks along agricultural lines, keeping in mind the purport of paragraph (b) of the amendment, particularly as it applies to western Canada. I do this because I think we are all agreed that there is no more accurate measure of our financial progress than is afforded in the realm of agriculture. In the maritimes, reports from Nova Scotia indicate that the farmers of that province netted $5,000,000 more in the year ended November 30, 1946, than in the previous twelve months. The Dominion Mortgage Investment Association reports that farm mortgage debts in the three prairie provinces are now less than one-third of what they were at the end of 1937. The research department of the United Farmers of Canada, referring to Saskatchewan, announces that during the years of crop failure and low prices there was a farm debt increase in that province from an estimated $200 million in 1930 to over $600 million in 1939, despite debt cancellations and adjustments. The research department now estimates that over two-thirds of that 1939 debt or, in other words, $400 million, was liquidated during the years 1942 to 1946. While the average debt per farm in Saskatchewan in 1939 was estimated at $4,398, the debt in 1946 was estimated at only $1,466, or less than one-third. That is certainly some accomplishment in seven years.

A statement appearing in the press a few days ago indicated that in 1946 alone Manitoba farm mortgage and agreements of sale debt was reduced by 23 per cent, and that since the end of 1937 this reduction amounts to no less than 76 per cent; certainly another great accomplishment. I am almost tempted to remark that this accomplishment was achieved under the beneficent reign of a Liberal government. The farmers of Manitoba no longer depend entirely on the wheat crop. They are following diversified farming, largely and successfully.

I wonder if it was possibly the Ontario farmers whom the hon. member for Muskoka, Ontario had in mind when he suggested in his

amendment that they need encouragement. If that were his thought, then he may be right.

For instance, some Manitoba farmers came with live stock exhibits to the Toronto Royal a few months ago. The Toronto Royal is a wonderful institution and does credit in a large way to the people of Ontario. The Toronto Royal attracts to its show rings every year the cream of Canada's production from coast to coast. Notwithstanding the excellence of those dominion-wide exhibits, including, of course, many from Ontario farms, our friends from Manitoba carried off nineteen first prizes, sixteen second prizes, sixteen third prizes, fourteen fourth prizes and thirty-three others, or a total of ninety-eight prizes for live stock alone. But that is not all. Manitoba farmers at the Toronto Royal carried off also two grand championships, one reserve grand championship, one senior championship, two reserve senior championships, two junior championships, one reserve junior championship, one championship and one reserve championship. This means a total of eleven awards and ninety-eight prizes won by Manitoba exhibitors.

Mr. FRASER: That shows that Manitoba must have had good management and good government there for years.

An hon. MEMBER: They cannot get any nails.

Mr. MATTHEWS (Brandon): Perhaps the Ontario farmers or those in the Muskoka district do need some encouragement after having fared so badly in the show rings.

May I add to that, Mr. Speaker, that in the field of dairy products alone Manitoba has seventy butter factories whose product last year reached a total value of $26 million. Lots of quantity, someone will say, but what about quality? Well, I will give my answer. At that same Toronto Royal a silver cup is always awarded for the highest score in dairy products, and I am informed that Manitoba exhibitors have won that cup every year without a break for over twenty years. Then just to lend a touch of sweetness, as it were, to the whole Toronto Royal performance, out of nine prizes awarded for honey exhibits last fall, Manitoba exhibitors walked away with seven.

My natural modesty almost compels me to refrain from making this further observation, that by far the largest percentage of those prizes and awards were won either in the constituency, or close to the constituency, of Brandon which I have the honour to represent in this parliament.

Mr. GIBSON (Comox-Alberni): All Liberals?

Mr. MATTHEWS (Brandon): Some of them. To be serious about the matter, there is a reason for these successes; in fact, there are several reasons. First of all, there are climatic conditions, those gifts of an over-ruling Providence. Then there is the thrift, the intelligence, the vision of the farmers, their wives and families in that part of Canada. Another reason is the wisdom and the readiness with which they adapt themselves to the suggestions of the agriculture departments, both federal and provincial, which suggestions are made only after a keener, more comprehensive study of world conditions has been conducted than could possibly be made by the individual farmer. Our dominion Minister of Agriculture (Mr. Gardiner) is a man who, from long and wide experience and from careful observation, desires to adhere strictly to the policy of stability rather than speculation. In that I thoroughly agree with him, because farming has sufficient speculation in it at any time without one asking for more. A third reason is the wise, educational and aggressive leadership given by the Brandon experimental farm, one of the best directed in Canada. A fourth reason is the contribution made and the incentive furnished, down through the years, by the summer and winter fairs held at Brandon under the auspices of the provincial exhibition of Manitoba. These Brandon fairs are among the best, and on a yearly average are probably the best, of any held west of Toronto. As a matter of fact, the name might well be changed from Brandon fair to Western Canada Royal.

So I suggest, Mr. Speaker, that paragraph (b) of the amendment deploring the fact that the budget proposals offer no encouragement to agriculture falls rather flat when reduced to its par value. The farming population of this country will judge a government by performances rather than by promises. They have done so repeatedly in the past and will continue to do so in the future.

I might go on to speak of other records made by Manitoba last year in regard to the production of raw furs, the production of paper, the production of hydro electric power, and receipts from tourist travel. I should like to add that Riding Mountain national park, located just sixty-seven miles north of Brandon, was visited in 1946 by 161,308 people, being second only to Banff and coming very close, in point of visitors, to leading every national park in Canada.

Arising from another observation made by the hon. member for Muskoka-Ontario in

moving his amendment to the budget—and let me remark here that I always greatly enjoy his speeches—I want to point out that seventy-two new industries were established in Manitoba in 1946. This is a credit to the industrial development board of that province, but the regrettable feature is that only comparatively few of these industries were established in rural centres. Manitoba might well follow the example set by Ontario and see to it that her manufacturing establishments are located in many different centres of the province, particularly now with the advent of rural electrification. This is essential if the ultimate blighting consequences of centralization are to be avoided.

I have emphasized the points discussed so far, not because of any local colouring, except by way of illustration, but because of my belief that it would have been inexcusable had the finance minister not seen to it that our national debt was substantially reduced during the period of abounding prosperity in 1946. I trust that even with the levying of lower taxes there may be another drastic reduction in our debt in 1947. Why? Simply because that very fact will make possible still lower taxes each succeeding year. I am absolutely opposed to excessive taxation in any form, though I was always aware that the obligations of war would remain with us long after hostilities had ceased. I am also aware that taxation can become less only when the expenses of the state are curtailed. In this respect I am glad to note the tendency to reduce along many lines, including the number of so-called experts in some government departments. I am heartily in accord with an editorial which I recently read in a leading magazine, and which concluded as follows:

> This is a time for governments to do less and individuals to do more—a time for more production and less regulation—a time for converting not only the sword but the filing cabinet into the plowshare.

Therefore I am sure that to every Canadian the minister's announcement of lower taxes will be welcome. I have no doubt whatever that to have continued the recent high rates of taxation would have meant a serious set-back to this country. There is a distinct limit to the taxation a country can bear without dulling initiative, lessening production, diminishing returns and creating economic chaos. It is a healthy augury when the taxpayers have the courage and intelligence in the matter of taxes to say to any government, "Hitherto shalt thou come, but no further". A Canadian economist recently expressed the case in these words:

> Is it wise to discourage thrift, to put a high premium on spending? Should we rob posterity to maintain the dance of today? Saving has a social value. The loss to society would be great if saving ceased to be a virtue. We have reached the stage where the emphasis is almost entirely on spending. Will this policy bring real gains? It is very doubtful.

I am not going to discuss controls except briefly, even though they have a direct bearing upon the financial situation of Canada. That controls played a tremendously advantageous part in this country during the war no one will dispute. I hope to see controls steadily discontinued, not all at once but one by one, as speedily as conditions will warrant. This might result in some temporary dislocation of prices, but it would be only temporary, because greater production resulting from the removal of price controls would prove the best remedy for inflated prices. Give us an abundance of commodities and prices will take care of themselves. Most of the control regulations were fair and well advised. In my judgment, a few were, and still are, grotesque in their stupidity, and I shall have something to say about them later on.

In the matter of rent control, I am aware of the ruthlessness with which some property owners would have soaked tenants during and since the war years had there been no controls. I am also aware of the callous treatment accorded by some tenants to owners. I have in mind particularly cases of men and women advanced in years who in the past had demonstrated their faith in Canada by investing their surplus—often a small one, it is true—in residential property. I need not rehearse cases, as I could by the score, of the raw deals handed to elderly people who in some instances were relying upon those rentals for their livelihood. In many cases their hands were tied, and securely tied, against any rent increases. No matter that taxes were raised, that costs of maintenance were raised, costs of labour raised, costs of food and clothing raised, everything else raised; those elderly people were compelled to struggle on as best they could, with no redress. I stand for the right of any owner to have access to his own property. I am glad to see that a start, though not a very great one, has been made in this direction. I want to see regulations adopted under which proved rental injustices on either side may not be permitted longer to exist.

In closing, Mr. Speaker, may I once again tender my sincere congratulations, this time not to the finance minister but to the Canadian people, on having such a strong man guiding our financial destiny. A well known writer has said:

> There may be little doubt that we as a people are going through years of decision. Yet there are many signs to give confidence that

after the troubled equilibrium of these later years there is a return to a greater soundness and balance of outlook. There appears to be a deepening recognition of the fact that the government cannot create wealth, but that anything it promises in the form of a gift must be taken away in the form of a tax.

There are signs that people and government alike may be returning to the realization of the fundamental economic truth that whatever regulations may be found desirable in the public interest, the most natural and the most fruitful role of government comes from what it may be able to do to reduce all that restricts and discourages, and to assist all that may release the immeasurable potentialities that lie in free individual effort and responsibility.

With the opinions of that writer, I am in full accord.

Mr. R. W. MAYHEW (Victoria, B.C.): Mr. Speaker, evidently there is one champion from Manitoba who did not get a prize, but I am sure if it were left to this house he would be handed one right away. I rise to take part in this debate mainly for the purpose of endorsing the proposals contained in the budget speech delivered in this house on the evening of April 29 by the Minister of Finance (Mr. Abbott). I want to congratulate him upon the manner of presenting his budget. Nearly every hon. member who has spoken has extended his congratulations, but I believe one point, which perhaps affords him the greatest compliment, has not been mentioned. When he began his speech all the seats in the house were filled, as well as those in the galleries, and they remained so until the end of the address. Many times people can find excuses for leaving the house after speeches have gone along for an hour or so. It was quite evident, however, that on this occasion people were interested in the manner in which the address was delivered, and were anxious also to find out exactly what would be contained therein.

This debate has now been in progress for over two weeks. About fifty members have taken part in it. All the heavy artillery of the three opposition groups have been firing their shells and bombs at the budget speech, but thus far they have failed to dent any of the structure or supports. In fact, it has not suffered blemish in any respect, and still retains the appeal it had when first delivered.

Mr. FRASER: Watch out; there might be some delayed bombs.

Mr. MAYHEW: Perhaps, but that would not do much harm. From the fall of 1939 up to the present time Canadians have been diverted from their ordinary course of peace and progress, and have been operating under the uncertain conditions of war. Every bit of strength they had was directed to one purpose, and until the bringing down of this budget we had not been able to see clearly the path ahead of us.

It remained for the Minister of Finance to give to the country an indication of where we are going, and what our responsibilties are. I have said that the people of Canada, because of war clouds and the clouds of rehabilitation, had not been able to see clearly what they had to do. But in his budget speech the minister has brought great encouragement to them. How has he done it? The first encouragement contained in his speech was the fact that there was a surplus in the last year of $360 million. Another encouraging factor was that he was able to indicate and, I believe, on a sound basis, that our national income will be increased this year by another billion dollars. I know that is an estimate, but I believe it is on fairly conservative grounds.

Let me tell the house why I say that. One reason is that the industries of Canada are now ready to spend in this year $1,700 million in new industries, new plants, the renovation of old ones and other methods to bring in greater production. Who can estimate what $1,700 million in new industries will mean to Canada? One can state safely that this will go a long way toward making effective the increase of the billion dollars.

I wonder if the labouring people in Canada do not take great comfort from the fact that there are prospects of that increase in our national revenue. Surely it should mean to them that there will be more employment in 1947 than we had in 1946. During the greater part of 1946 we were short of man-power. So that I think the minister's statement would give definite encouragement to labouring people.

I have had some opportunity of investigating what is taking place in the first quarter of this year, and I say that if the other three quarters measure up to the turn-over in the first one, the minister's estimate of an increase of a billion dollars will be too modest. In other words, I think it will be more than that amount.

I know hon. members in the opposition have attempted on various occasions to say that there was no optimism and no encouragement in the budget speech. I cannot see from what source they derive their pessimism.

There is another point I should like to mention, and that is in connection with the forecast made by the minister respecting the construction industry, one which I am sure will be greatly increased this year. The Minister of Reconstruction and Supply (Mr.

Howe) claims that it will be possible to build 80,000 houses in the present year, but 75,000 will be required annually to take care of our increased population.

Some seem to think Canada has been a static country. Let me point out that when I was born there were only 4,000,000 people in this dominion, whereas today there are 12,000,000. I say that, only to show that in the lifetime of one man, in a period of sixty years, our population has increased threefold. During those sixty years there have been seventeen or eighteen when we have had no immigration. In that time three wars have taken place, although we do not take much account of the South African war. It is known, however, that there was no immigration during either world war one or world war two; in fact, there has been none to speak of since 1931. On top of that we lost 100,000 of our male population in those two wars, but in spite of it all we have gone on and we now have a population of 12,000,000 people. I maintain that in the life of our own grandsons Canada will have a population in the neighbourhood of 35,000,000 to 36,000,000 people. We have every reason to be hopeful.

The minister was criticized for pointing out our difficulties, but he also pointed out the way we might go. We have our national debt and we know that the world around us is disturbed and unsettled. It is hard to fight against those difficulties, but the minister pointed out how we might go. I remember as a small boy learning to ride my first bicycle. I was going along a small path between two puddles. I failed to look at the path and kept my eye on the puddles, and I finally landed in the puddle. People who today are looking at our troubles—I do not mean that you should not know they are there—should know that if they keep on looking, that is where they will land up. That is where those people are trying to drive us at the present time.

I want to say a word or two about this surplus of $367,000,000 in connection with which there has been so much talk. Some hon. members have charged that the surplus last year was somewhat of a phony surplus because it was revenue which included a yield from the sale of war assets. It is apparently considered that it would have been sound accounting for the government to have set up its purchases of shells, bullets, ships, tanks and guns and other supplies of war as investments in capital assets rather than as supplies of short-lived duration which could only sensibly be regarded as the current inventories of war. In this more sensible light the government's accounts showed at the time of purchasing these supplies the total amount of their cost as an outright expenditure, and it is, therefore, in accordance with sound accounting that the revenue received from the sale of this war inventory should be treated as current revenue. I believe the hon. member for Peterborough West (Mr. Fraser) even went so far as to say that he regretted that this money had not been used to reduce the debt. May I assure the hon. member that this is exactly the result of including this item in our revenue. The surplus on the last year's operation, as he will find stated in the budget speech, resulted in a reduction in our net debt of the same magnitude. There are some hon. members who seem to think the whole surplus was obtained from the sale of war assets, but if they will turn to the bottom part of page 14 of the appendix to the budget they will find a break-down of this surplus. It will be noted that the amount received from sales by War Assets Corporation was $182,400,000, and that the remainder was made up in various ways.

Mr. HACKETT: Will the hon. member state whether that surplus was used to purchase bonds in the hands of the Bank of Canada or bonds in the hands of the chartered or private banks?

Mr. MAYHEW: I do not get the meaning of the hon. member's question. It was used to reduce our debt.

Mr. HACKETT: My question was whether it was used to purchase bonds in the hands of the Bank of Canada or bonds in the hands of the chartered banks?

Mr. HARTT: It is the same difference.

Mr. MAYHEW: I am sorry; I cannot answer that.

Mr. FRASER: One hon. member says it is the same difference.

Mr. HARTT: It is reducing the debt of the government.

Mr. MAYHEW: Another argument advanced by several hon. members is that the exemptions under the income tax should have been raised to $1,000 for single persons and $2,000 for married persons. Apart from the fact that our exemptions are now generally the highest in the English-speaking world, I would point out that the greatest benefit from raising the exemptions would go, not to the lower income groups who would be relieved of tax, but to the taxpapers remaining after the increase in the exemptions. I am informed that of the total reduction in tax that would

result from this change only slightly more than one-fifth would be for the benefit of those exempted from tax; the other four-fifths would go to existing taxpayers. Viewed in this light, the argument for increased exemptions takes on a somewhat different complexion.

I think the amount of money that we were at liberty to pass on as relief to the taxpayers of Canada was spent in the most equitable way. If we had increased the exemptions to $1,000 and $2,000, the benefits to a single man earning $1,000 a year would have been exactly $29, while the benefits to a man in the higher brackets of $100,000 a year would have been $200. I give that example to show where the money would have actually gone. It would not have gone for the relief of people in the lower brackets. This whole thing was planned to be of the greatest benefit to those who needed assistance.

I should like to refer briefly to another speech that was made by the hon. member for High Park (Mr. McMaster). The hon. member gave an interesting series of calculations in his speech. I say they are interesting because they represent an attempt to assess in brief space the amount of tax paid in total on family budgets at certain levels of income, a subject on which I am informed several large and studious books have been written. I feel I should point out to the hon. member that in his desire for conciseness he has probably overlooked the fact that the great staples of life which form the basis of every family budget—bread, milk, butter, eggs, flour, salt, fresh meats, fresh vegetables and fruits—are all completely exempt from sales tax. There again is an indication that, so far as this government is concerned, it has tried in every way possible to take the load off the people who need relief the most.

I am also informed, on the other hand, that he has considerably understated the amount of income tax reduction that will be received in a full year by married taxpayers under this income level. Such taxpayers, in place of the $18,000,000 reduction mentioned by the hon. member, will, in fact, benefit in a full year by an amount of $43,000,000, according to estimates which I believe are accurate. I would also point out that if account is taken of the family allowance, which as far as taxpayers are concerned may be regarded as in lieu of an income deduction under the income tax, then on balance the great majority of the taxpayers in the group mentioned are not paying a tax at all.

I should like to refer to an article which appeared in a reliable magazine called *World Report* and which gives an indication of the taxes paid in Great Britain, the United States and Canada. A single man with an income of $2,000, and with the new tax rate in effect, pays in Great Britain a tax of $447; in the United States, $249; in Canada, $220. A married man with one child and an income of $3,000 pays in Great Britain, $603; in the United States, $232; in Canada, $230. A married man with two children and an income of $10,000 pays in Great Britain, $3,497; in the United States, $1,810; in Canada, $1,930. Here again is the place where the government has tried to take the load off the people in the low income brackets and put it on the people in the higher brackets.

Mr. GREEN: What is the date of that magazine?

Mr. MAYHEW: April 29, 1947.

Mr. NICHOLSON: Do those figures take into account the state taxes in the United States?

Mr. MAYHEW: No.

I should like to refer to a speech made by the hon. member for Northumberland (Mr. Drope). He made a four-minute speech. I refer to it because I cannot quite understand the reasoning of some of our hon. friends opposite. The hon. member asked that the four-cent postal rate be reduced to three cents; he asked for a subsidy on butter, a subsidy on cheese and for the removal of the two-cent tax on soft drinks. In all what he asked for in that four-minute speech, for that is about all it was, would have meant a reduction of $63,000,000 odd in revenue. So I was quite pleased that he did not continue for the full forty minutes.

The hon. member for Dauphin (Mr. Zaplitny) this afternoon criticized the Minister of Finance for taking off price controls through the wartime prices and trade board. He would give one the impression that all controls had been lifted by the board. But I have here a long list of commodities which are still under control, several thousand of them, mostly foodstuffs, clothing, farm machinery of all kinds, meats of all kinds, sugar, butter and so forth which shows that the main staples of life are still under control. He also intimated that we were not paying any more subsidies. But if he will look at the estimates for this year he will find that we have some $35,000,000 for subsidies and to pay for losses on bulk buying in the United States. The greater part of this amount will be used in the subsidizing of cotton and textiles.

I want to finish, Mr. Speaker, with a general word or two. Canada has one job that it

must do, and it must plan to do it very soon and in a big way. I mean that Canada has to take care of those Canadian people who are unable to take care of themselves. That is a part of our programme which, regardless of what comes, we simply have to do. I do not think it matters whether a Liberal government, a Conservative government or a socialist government is in power, because the people of Canada will demand that that be done, and, in my opinion, it can best be done through cooperation between the federal and provincial governments and the existing organizations as we have them today. It is a matter of planning and cooperation.

In my first speech in the House of Commons I spoke of compulsory contributory superannuation to look after our old people. I still believe that that plan should be put into effect as soon as we can possibly do so. I think that one plan would do a great deal to settle our social problems in Canada, and I hope to see that plan in existence before I retire from public life.

On the other hand, if Canada is to look after the people who cannot look after themselves as they should—and this includes their care and hospitalization—it must have a staunch forthright programme for the development of this country. In my opinion, that programme of development can best be carried on through some direction from the dominion and provincial governments, but mainly by clearing the road and providing the proper atmosphere for private enterprise to work in. In other words, again it is a matter of cooperation between the existing agencies which we have in this country and private enterprise. Since the war, private enterprise has already shown its determination to develop Canada and all its resources; and if private enterprise is given that green light I believe that it can best be done in that way. I do not mean to say that we should give private enterprise a licence to carry on just as they will, because some of them, not all, would take advantage of the situation. But by proper encouragement the government can assist private enterprise in many ways, and it can also exert a certain control over private enterprise but not so as to harness them and prevent them from going ahead and doing the job. Our forefathers developed this country and we are extremely proud of them. There were very few of them. I think the next generation or two will do equally well if given the same opportunity.

Mr. G. R. PEARKES (Nanaimo): Mr. Speaker, this is indeed a red-letter day for Vancouver island, that two members from that small part of Canada should have an opportunity of speaking on the same evening. I hope, sir, that you will exercise your authority as a modern Joshua, and that you will stop the clock long enough so that the other member of the triple alliance, the hon. member for Comox-Alberni (Mr. Gibson), will also be able to speak before eleven o'clock.

I should like to congratulate the hon. member for Victoria, B.C. (Mr. Mayhew) on his speech, but I am going to ask his pardon if I do not follow the lead that he has given me in endorsing the budget speech made by the Minister of Finance (Mr. Abbott). I should like to call attention to the fact that, although he spoke for forty minutes, he did not reduce the taxes any more than did the hon. member for Northumberland, Ontario (Mr. Drope) in the four-minute speech which he gave.

I referred to the triple alliance of Vancouver island. I want to refer to other triplets before this evening is over. During the budget speech the Minister of Finance said that the Department of National Defence had spent $376 million during the past year, which was $136 million more than was being estimated for the current year. With the armed forces now on a peacetime footing and demobilization completed, this country has a right to expect considerable reductions in the expenditures on defence. My only anxiety is whether these reductions are being made in the right place and are not such as to render ineffective the efficiency of the services. When war broke out in 1939 we were dangerously unprepared. Our navy and air force were poorly equipped; we were pathetically short in destroyers and other escort vessels, just the very type of vessel which our naval authorities had considered would be essential for the role that we should have to carry out in a major war, and as the experience of the last war showed they were correct, but we were short of these. We were also practically without aircraft or anti-aircraft artillery. Our army was small, badly equipped and without munitions. With these deficiencies we are no longer concerned, except that we cannot permit the forces to drift back into conditions of stagnation and frustration such as existed in the pre-war days. The sum of $376 million spent represents only three-quarters of the amount which the then minister of national defence asked parliament to provide last year to meet what he described as the minimum requirements. A saving of $113 million is very pleasant, but one is forced to ask, has there been a change of policy? Have there been unforeseen circumstances arising during the year? As far as the latter is concerned, I think not. It has been a perfectly normal year. The events have taken the course which they were estimated to take.

Then I must ask the question, was it just bad bookkeeping which made the minister ask for $489 million, of which he required only $376 million?

With regard to the changes in policy which have been announced either in the press or in the house during the course of the year, the outstanding one is the combining of the three defence departments under one minister, and that is a sound and practical course to have followed and is in accordance with the lessons learned during the two world wars in which the armed forces of Canada have played their share. I can speak for this party when I say that the opposition approves the amalgamation of the three services under one minister of defence, because that is a course which various members on this side of the house have recommended on several occasions. Experience indicates the necessity of a central organization for defence. One of the reasons which contributed to the unpreparedness of Great Britain in 1939 was the absence of a guiding hand to formulate a unified defence policy for the three services. There was no provision to ensure that, if war came, that country would be ready in all the important aspects to meet the situation. The weakness was not remedied merely by the appointment of a minister for coordination of defence. It is now an indisputable fact that no operation of war can be carried out by one of the fighting services unaided by one or both of the others. Any weakness or failure in any one of the elements, be it sea, land or air, invariably produces a profoundly adverse effect upon the prospects of success in the other. These truths are so self-evident that they need no elaboration.

The old conception of a sea power, a land power or an air power as being in some way independent of each other is now quite obsolete. They are totally interdependent. If we have not learned that lesson now; if we must wait for some future enemy to teach it to us over again, we shall probably perish in the attempt; yet nothing in the announced proposed post-war organization of the defence forces of Canada indicates that this government has learned that vital lesson or has really taken it to heart. When that lesson was applied during the war it showed conclusively that for success the command and direction of all the armed forces has to be unified at the top; there had to be unity of command, not only of all the forces of any one nation, but of all the forces of all the allied nations in each theatre of war. For each particular operation of war, whether it was the battle of the Atlantic, the landing in Normandy or the capture of Okinawa or in any other of the Pacific islands, a task force was designed and assembled. To each such task force a commander was appointed, and to him were allotted all the armed forces needed to do the job, although these forces did include elements from all the three armed services, the ships, the transport, the aircraft, the tanks, the artillery, the infantry and all the manifold services of supply and maintenance. Until this unification of command was achieved catastrophe followed after disaster. Once this unification was brought about, victory followed victory until the final conclusion of the war. But in spite of the lessons learned at such stupendous cost, when the reorganization of the armed forces of Canada was undertaken after the war the principle of unity of planning and direction was thrown into the discard. Though the services are now under one minister, each service still retains its independence in matters of organization, training, equipment and, to a very large extent administration. Surely the logical development of that close relationship which was built up during the war between the sea, land and air forces, demands greater unification than is now given to it in this country. As a means also of giving fuller play to scientific developments a much closer amalgamation is definitely indicated.

As if existing conditions were not bad enough, a clumsy and expensive attempt has been made to achieve some sort of outward semblance of unity in the Department of National Defence by superimposing upon the navy, army and air force headquarters an enlarged civil service under a deputy minister, with associate deputies, assistants and a numerous civil staff. At the head of each service is a chief of staff. Besides these three, and of equal status, is the director general of defence research. These officers form the chiefs of staff committee whose function is to advise the government on defence policies. They are the professional military advisers of the government.

The organization of national defence in its broader aspect, which should include plans for mobilizing the nation's resources, both civil and military, remains seemingly forgotten. I might refer to it as the forgotten factor. This requires the collaboration of nearly every government department and is concerned, not only with the interrelationship of the three fighting services and their supply, with scientific research and civil defence, but also with the preparation of plans for the country's transition from peace to war. Because these problems are the concern of the government as a whole, a defence committee under the authority of the cabinet, somewhat sim-

ilar to the pre-war committee on imperial defence which was established in Great Britain, is necessary. Does such a committee exist? Is it being considered?

There is, of course, a defence council, but that is an entirely different organization. By order in council P.C. 887 there has been set up a reorganized defence council. This unwieldy body has nine members, six civilian and three military. The members are: Chairman, the Minister of National Defence; the parliamentary assistant to the minister; the deputy minister; the chief of the naval staff; the chief of the general staff; the chief of the air staff; the director general of defence research, and the two associate deputy ministers. Its functions would seem to be to allocate the available resources between the three services and to settle questions of general administration on which a common policy is desirable. But in the absence of guidance from a broader committee, such as a defence committee, its decisions are likely to be of a hit-or-miss nature. Its duties are defined in P.C. 887 as:

> to advise the Minister of National Defence on matters relating to the naval, military and air services.

I should like the house to note the limited scope which is given in that order in council to the defence council.

To come down one step in the departmental organization, each service maintains an independent staff responsible for operations, planning, training and intelligence. Thus we have an assistant chief of the naval staff, a vice-chief of the general staff, an air member for air plans and another air member for operations and training. Dealing with all the problems of manning, again each service has its own head, namely, the chief of naval personnel, the adjutant general and the air member for air personnel as well as directors of civil personnel and treasury representatives. Each of these officers is responsible for the recruiting, discipline and administration of all the officers and men of his own particular service, making uniformity and equality of treatment in matters of discipline, special allowances and pay and a host of things which affect the morale and welfare of the troops, almost impossible to achieve. As an example, there are in northern Canada today stations where the airmen receive special allowances for isolation, to which the soldiers living in the same quarters are not entitled.

Finally, there are three separate staffs provided for the equipping, accommodating and supplying of the three services. These are controlled respectively by the chief of naval administration and supply, the quarter-master general and the master general of the ordnance, now combined in one person, and the air member for technical services. Below all these levels, the triplication of organization is continued. Each service still has its own machinery for pay, medical treatment, and many other services of administration.

The feature hardest to understand is that, despite this triple set of naval, military and air planners, trainers and administrators, thousands of civil servants are charged with the general administration of the department, and the deputy minister is the senior permanent official on the defence council. The result is that in every department of administration the responsible service heads must find their way to the minister through the labyrinth of the deputy minister's branch. The service officers are thus deprived of initiative, obstructed and hampered in the discharge of their responsibilities.

It will be obvious that this complicated organization of the Department of National Defence must be incapable of making and executing a unified and workable plan for the defence of Canada. In peace time, the money allotted for defence must be limited. Each independent service is naturally and inevitably concerned to maintain its strength as high as possible, to keep up its efficiency, to conserve its traditions, and to protect what it conceives to be its own interests. Each set of planners will plan with these things in mind, and each service will bid against the others for such funds as they feel are likely to be made available. How then can there be any coordinated plan of defence under which all funds are spent in the right proportion on ships, aircraft, tanks and the other things which are needed to carry out such plans? With the department organized as at present, every plan of defence put before the government is the work of a committee, and in the very nature of a committee it must be a compromise as between the rival claims and interests of the three services. Who, for instance, is to say what proportion of the trades and man-power generally is to be mobilized for each service if war comes, or are the services to do as they did last time and compete in the open market for the men they need? I venture to say that the man-power difficulties during world war II arose very largely because there had been no adequate pre-war organization which could assign the resources in properly balanced proportions, in the light of the country's economic position.

What authority comparable to the defence committee of Great Britain is there or was there for coordinating departmental action in

preparation for war? The problem needs continuous study, not only as between the armed services and civilian requirements, but also on an interservice basis, so that in terms of man-power, weapons and equipment the resources available are distributed in properly balanced proportions. Surely the proper answer, in order to apply the great lesson of the war and bring about the necessary unification, planning and direction, is unification at the top now. It is better to make mistakes now, and in the immediate future—and it is inevitable that there will be mistakes, as there are always mistakes when you are trying out a new system—than to wait until another war comes and then attempt to correct them, because, if another war comes, there may not be an opportunity to correct them.

I know that certain writers on parliamentary procedure say it is the duty of the opposition to criticize. One could go on criticizing the organization of the national defence department and the organization of the services, but if I can break away from the advice of those writers for a moment and treat the national defence department as something of far too great importance to this country to permit mere partisan advantages to be taken, I should feel that I was making a bigger contribution to this debate if I offered one or two constructive suggestions. I believe that the first step to bring about unification and to avoid such mistakes is the establishment of a defence committee under the authority of the cabinet; and the second is the appointment of a single, responsible, professional adviser to the government as chief of staff of all the armed forces. Under this head the three staffs now charged with the separate planning, training and organization, would be merged into one, and would be able to produce a single unified plan of defence and to design a balanced force to carry out that plan. Likewise the triple staffs now dealing with man-power or equipment or supplies should be unified under one head instead of under three; and anyone who says they are now unified under one head does not know what he is talking about. Only in that way can man-power be properly allocated in war. In no other way can economy and efficiency be secured in the supply of equipment, clothing and all the innumerable items needed by the forces. It is essential that the minister be provided with a guiding hand to formulate and unify defence policy for the three services. For lack of such unifying influence the separate aspects of our defence tend to be examined one by one. There is no provision for any thorough examination of the different service plans to ensure that if war comes, we shall be ready to meet it in all respects.

This weakness is not overcome by the appointment of a minister of defence. He has neither the time nor the technical training for the task. His chief concern is the administration of the services in accordance with the general policy and within the resources allotted to him. The chiefs of staff committee at present does not form a combined staff in the sense of an impartial organization which formulates plans without regard to the interest and prejudice of each particular service. You will never get that thorough unification; you will never have a proper, coordinated plan submitted to this government, until there is a chief of staff who is chief of staff of all three services.

Finally, Mr. Speaker, the office of the deputy minister, with its cumbersome organization duplicating the administrative machinery of the services and hampering every act of the service heads, must be materially reduced. The financial saving in overhead would then be enormous. This reorganization can be brought about without any one of the services losing any of its worth-while traditions or peculiarities. For generations the army has welded its different arms and regiments—the artillery, the armour, the engineers, the infantry and so on—into brigades, divisions and corps. It has done so without diminishing in any way the efficiency of the separate units within those various arms; and, having done so, the army has been able to win major battles. And this was done while the individual characteristics and esprit de corps of each arm, and even of the individual regiments were actually being fostered. The same result can and must be achieved as between the three services themselves. So far, this government's attempt to form an integrated service can be described only as having been a topsy-turvy affair. The government has said to the very young naval and air force cadets attending Royal Roads, "You must learn to work and play together." But as you advance up the military hierarchy you find seniors still working in airtight compartments and officers of middle seniority endeavouring to serve two masters.

With reference to the policy for research, the problem here is to secure the continued and complete integration of military and scientific thought at all levels, and to ensure that, in the planning of defence research as a whole, account is taken of the scientific effort of the country in other fields, so that our resources may be efficiently and economically used.

In conclusion, I must reiterate that our defence problems cannot be viewed in isolation. We must be ready to play our part in any measure of collective defence which may be organized under the authority of the united nations, and we must maintain our machinery for collaboration in the defence of the British commonwealth.

The drastic reductions in the operational and training units, rather than in the overhead and administrative services, where they could have been made to advantage, cause grave concern as to the ability of our fighting services to fulfil those functions under the present policy of this government.

Mr. MAURICE HARTT (Cartier) (Translation): Mr. Speaker, it is fitting that a member who has been elected in one of the constituencies of the province of Quebec should utter in the French language his first words in this House of Commons. I am glad to note, Mr. Speaker, that we have reached a stage where it is not necessary to apologize for using the French language in this house. If I take the liberty or indulge in the luxury of addressing you—

(Text):

Mr. SMITH (Calgary West): I don't know what he says.

Mr. HARTT: If I were you I would be ashamed to admit it.

Mr. SMITH (Calgary West): One thing I thank God for: I am not you.

An hon. MEMBER: You could do worse.

Mr. HARTT: I would not change with my hon. friend—and he has nothing to offer, I assure him, for the exchange.

Mr. SMITH (Calgary West): Carry on; don't be stupid.

Mr. HARTT: My hon. friend was so good as to admit his ignorance; I am glad he appreciates it.

(Translation):

Mr. Speaker, I expected to be interrupted and to hear acknowledgments of ignorance. That does not upset me in the least. I wish to pay a tribute to the French Canadians and tell them how deeply I respect their group, which has contributed so much to the formation and development of our great country, Canada. If I make bold to utter these few words in French, it is with the purpose of rebuking those who harbour prejudice and because I wish to say that Providence has blessed Canada. If our friends were willing to show more tolerance and admit that the French Canadians have been the pioneers of this country, that they have greatly contributed to her development and have every right to what they claim, I believe that overnight the future of Canada would become greater and that we would thank God for having achieved so much progress. Mr. Speaker, I invite all hon. members of this house to visit the province of Quebec, the most liberal, hospitable and generous of all provinces, and the one which has done the most to ensure the future of Canada.

(Text):

Mr. Speaker, I regret beyond words that at this stage of our development we still have to translate speeches in this Dominion of Canada; and I sincerely regret that some of our hon. friends, who state boastfully that they do not understand, do not seem to appreciate the disservice they are doing this country.

I said a few words in French. I am sure every hon. member in the house is as keenly interested as I am in seeing today and tomorrow a greater and a more glorious Canada. We can see it; we can build it; we can edify this as an example to the world, if we but agree to be a little more tolerant, a little more understanding, and to lead a life of give and take.

I do not have to plead for the French-Canadian: history speaks for itself. His accomplishment as a pioneer in this country, his contributions culturally, literally and otherwise should be sufficient. Every man of good will should be happy to recognize and to appreciate the rights of this large segment of our citizens—our compatriots, if you like—so that we may build a better and greater Canada.

I am grateful to the hon. member for Moose Jaw (Mr. Thatcher), who, I regret, is not at the moment in his seat. I applaud his splendid effort to say a few words in French. If hon. members only knew how much this effort was appreciated by the biggest ethnic group in Canada—the French-speaking people—they would all make a little effort to help promote that national unity, that unity of understanding and of purpose.

I also wish to thank the hon. member for Kenora-Rainy River (Mr. Benidickson), who is not at the moment in his seat, but who spoke beautifully in French. Let me say to him that any time he wishes he may come to Quebec, select a constituency, and be elected by acclamation.

Let me be frank, Mr. Speaker, when I say that I had not intended to speak in the budget debate. With the modesty with which

I feel I must assess my efforts, I wanted my contribution to be a constructive one, one which would be helpful in the subject under discussion. I wanted to submit hard facts and cold figures. I wanted to discuss with our hon. friends on the opposite benches the mistakes they may be making. I wanted to point out to them that the present budget will go down in history as one of the most glorious. Whether they accept my interpretation or not is a matter for their subjective decisions; it is up to them. But I had thought, in my naive fashion, that even Progressive Conservatives can learn something. At least they have adopted the word "progressive".

Mr. SMITH (Calgary West): They have forgotten more than you will ever know; but go on.

Mr. HARTT: They have adopted at least the word "progressive", and they progress like lobsters, swimming backwards. Like the Bourbons, they learn nothing and they forget nothing. They sing the song "Long, Long Ago," of the private interests.

Mrs. STRUM: Hear, hear.

Mr. HARTT: The lady member does not know how much encouragement she gives me. I could have said more were it not that my good wife is in the gallery. I suppose that is where my deepest criticism will come from. Like the Bourbons, I say that they learn nothing and forget nothing; they keep on hooting the hoot and have been hooting ever since hooting began. What a pleasant task! What a dream! But we cannot revert to yesteryear or to yesterday. Canada is a country that is looking forward in its social, economic and political structure and the quicker our noble and good friends learn that, the better this country will be.

I was going to speak about the election in Cartier.

An hon. MEMBER: Be careful.

Mr. HARTT: My hon. friend is invited to come down to Cartier where he will get a warm reception. I do this, not because this election is more important than anything else, but because it was unique in the history of Canada that in two former elections a certain gentleman slipped into the House of Commons, flowery as his name might have been. However I do not want to say anything unpleasant about him because he is not in the house to defend himself.

I do not want to say, though, that it was an abortion of history; it was an accident in Canadian political history. I can assure the house with all the emphasis at my disposal that Cartier or any other place in Canada never wanted to elect a communist. I say that the phenomena of 1943 and 1945 was an accident. I think I should repeat that to every hon. member, because we cannot foresee what might happen unexpectedly and insidiously in some constituency when something that is dead keeps creeping and finally seizes the constituency in order to make this national forum a place where its propaganda can be spread.

I want to tell the house that I ran this election without bravura or without bravado. I never referred to my opponents as communists because the word communist pre-supposes some intellectual and social study such as political economy. I called them bolshevists. There was nothing communist about that group. They never discussed political economy. They were never interested in the welfare of the people of Canada. They had one purpose, to create a bolsheviki Canada to serve the bolshevists of Russia. I called them spies with an ideology, spies with an excuse and a label.

The candidates who opposed them in 1943 and 1945 respectively did not emphasize that point. They were delicate. They tried to discuss old-fashioned politics. They tried to talk to the people in the old classical way of 1895. However I took my bolshevist friends to task and here is what I found out. Due to a deficiency in our election act these people were able, whenever a general election or a by-election was being held, to concentrate on one constituency, this time Cartier. All their sympathizers from Halifax to Vancouver, from every part of the country and from every part of the city, would invade the constituency and register as boarders with residents of Cartier who were of the same mind and political opinion. This was particularly true of Cartier. When the enumerators came around these bolshevists were entrenched and would give their names in as residents of the constituency. Consequently they were entitled to vote. I call the attention of the government to that deficiency in the act and ask that it be remedied.

Then they imported their professional gangsters armed with blackjacks in one hand and the hammer and sickle in the other. If there were negroes in the constituency who had some grievance the bolshevists would play on it and exaggerate the evil. That was true of Jews and others groups. They play on the weakness of the constituents and they make so much noise that a clear voice is not understood. They always manœuvre to have a multiplicity of candidates, because they feel

that if they can split the electorate they will get a block of votes and be elected. That is what happened in 1943 and 1945. I reassure the house that at no time have the bolshevists elected representatives to this house through the communist vote of Cartier.

I want to express my grateful thanks to the leader of the Progressive Conservative party (Mr. Bracken). He was in Montreal on a Friday three weeks before the election. He was asked whether he would present a candidate, and I understand he said no, that he would not, because he did not desire to split the anti-communist vote. I am grateful to him and I want to make this public acknowledgment. I must also express my thanks to another group—I shall mention their name because I think they can take it—the C.C.F. party. The leader of that party (Mr. Coldwell) refused to be jockeyed into the position of splitting the anti-communist vote in Cartier. I want to thank them and assure them that they have rendered a service to the country. I cannot say the same for the other groups. I know Mr. Masse said he was a social crediter.

Mr. LOW: He was not.

Mr. HARTT: I appreciate that and I accept the word of the leader of that group. He certainly was no credit.

Mr. LOW: He was not even social credit.

Mr. HARTT: He was not even a credit to his parish. The premier of Quebec financed Mr. Masse to the tune of $30,000. He sent down men to speak from the platform and he sent along his best organizer, Mr. Paul Bouchard. The gang from St. Henri was there.

I want to say with all reverence and respect that the sisters have a right to vote. Legally they had the right to vote and they received dispensation. When they went to register they allowed their pictures to be taken. There is nothing shameful about that; they were within their rights. But on election day you could not take a picture of any one of the sisters. Rumour had it that thirty costumes were rented and that other ladies were dressed in those nuns' costumes. That is why the umbrellas appeared. On their fingers there were diamond rings, and nuns have no diamond rings. They wore toeless shoes, and nuns do not wear toeless shoes. I am sorry the hon. member for Beauharnois-Laprairie (Mr. Raymond) is not here to hear of the wonderful work that was done. I assure you that that was no credit to Canada.

The trouble is that we think of perversities only when they are about to engulf us at the time of an election. Our educational institutions and our social leaders at no time take the trouble to explain these perversities to the people, to explain this foreign system of politics. If they did so, without any name calling, but in a short and keen analysis, I am positive that we would have nothing to worry about in the future.

I want to say a few words about the budget, a few words perhaps motivated by a selfish outlook. I am new in this house, and I do want to share the glory and the honour and the respect which the Minister of Finance (Mr. Abbott) has drawn upon himself in presenting this budget. It is no ordinary compliment to him, and it is no ordinary compliment to me that I should be sitting on this side of the house when a budget is presented that shows the greatest surplus in the history of Canada since confederation. Our hon. friends opposite bemoan that fact; they probably would not have liked to see so great a surplus, not that I impute any ill will to them or that they do not wish Canada well, but for some other reason peculiarly their own—I would not call it political—they did not wish that we should have a surplus. But the figures are there and, whether you put them head down or toes up, there they are; there they remain in Canadian budgetary history, and no amount of talking will change the figures one iota.

An hon. MEMBER: A war assets surplus.

Mr. HARTT: My hon. friends who have not the responsibility of government, how happy they are! We call it in French, "Il rit jaune"; they do not laugh so happily. I remember the first great war when butter was $1.10 a pound and sugar fifty cents a pound. That did not happen in the last war, and the laughter of my hon. friends opposite is really the laughter of pain if I diagnose it aright. I would not call it hysterical, because they are gentlemen of weight, some of them overweight. But that is their attitude, their outlook. The Tories have never forgotten the pocket boroughs and the rotten boroughs. The fact remains that there is a surplus of $350,000,000. It is there and it cannot be contradicted, whether you call it capital gain or the resale of war assets or whatever you call it. There is the surplus, and the indebtedness of the country has been reduced by that amount.

Mr. JACKMAN: It is—

Mr. HARTT: Anything you have to say get up and say it. I do not like shadow-boxing. I see my hon. friend blush.

Mr. JACKMAN: Blushing like a rose.

Mr. HARTT: My good friend from Rosedale has the first syllable of his constituency's name properly placed, the first of which is Rose, who is placed in St. Vincent de Paul and as for the other part of the name we will put a Liberal in his seat at the next election in Rosedale.

An hon. MEMBER: Try to do it.

Mr. HARTT: There will be no difficulty at all. Let the Tories just keep on as they are going and they will be dwindling and evaporating like exhausted volcanoes very soon.

We have reduced the national debt by $350,000,000, or by the amount of the surplus. One hon. member who posed as a great economist asked, What bonds did you retire, bonds in the hands of commercial banks or bonds in the hands of the Bank of Canada? When you pay off a debt, whether you pay it to one creditor or to another, you reduce your debt by that amount. That is elementary, so elementary that even my hon. friend can understand it. I do not mean the hon. member for Stanstead (Mr. Hackett), who wears a red tie tonight. I think he is coming our way. He could not have lived all these years in the province of Quebec and be anything else.

Then our hon. friends opposite complain of the income tax reductions. They are never satisfied. If the reductions had been less they would have said, why not more? If the reductions had been made for people in other brackets they would have said, why not reduce it somewhere else? I am a plain man, and I know that when I draw a cheque on my bank account, money goes out, and that when I make a deposit money goes in. That is plain, elementary, and my stenographer understands that, too, without having been elected for some constituency. Every newspaper, every accountant, every man that knows anything about budgeting knows that the average income tax has been reduced by fifty-four per cent, of which twenty-nine per cent is in the lower brackets. Every periodical, every newspaper, every economist admits that. But what do our hon. friends opposite say? They say, why did you not reduce the hidden taxes, the indirect taxes? It is like the boy who kills his father and pleads for mercy, being an orphan.

Hon. gentlemen opposite complain of the indirect taxes, and it was they who introduced them. They introduced the income tax. Every indirect form of tax is their baby, and now they want to lay the baby at our door. Let them bring up their own baby. I remember that we had no income tax until the first great war and I remember how prices went up. The members of the Progressive Conservative party are travelling backwards like a lobster. Suddenly they shift their position from the aristocratic group, from the money bags, those fellows who clip coupons, to the middle class. The financial critic for the opposition cried woefully: Why did not the middle class receive the necessary relief? Since when did I hear a Tory speak for the middle class? Why, they are now indulging in poetry, lyric poetry. Actually they have only one class and that is the exploiting class. High tariffs—that is what they want. I sympathize with them. A drowning man will clutch at a straw. They thought that by putting "progressive" on to their name they had accomplished something. The bolshevists did the same thing. They called themselves "progressive labour." The Tories call themselves "Progressive Conservatives." There is a contradiction in the name. One counterbalances the other. You cannot conserve and go forward. You have to stand still in one place. That is self-evident.

They cry for the middle class, and to cap it all, what did they do? I shall put some chocolate around it if my hon. friend likes that better. What did do? They moved an amendment. It divides itself into three parts like Gaul, and there was plenty of gall in the amendment. You remember your Julius Caesar: *Omnia Gallia in tres partes divisa est*; all Gaul is divided into three parts. And was there gall in the amendment? I submitted it to a jurist whom I consider an intelligent man. Here is what he said. The amendments, disregarding their intrinsic value, have for effect one thing. They admit that there is a fifty-four per cent reduction in the income tax. The opposition admits that, but because they are dancing the dance of long, long ago they introduce an amendment, and they say to the people of Canada in effect, there is a reduction of fifty-four per cent, but we shall move an amendment. If we win, you, the people of Canada, cannot get that reduction. There has never been anything more ridiculous in political history than in moving that amendment.

I come now to the third part of it. The refutations of the first two parts are self-evident, but there is one that I am keenly interested in, namely, the calling together of the provinces and provincial agreements. Well, who is holding out here? Tory for Tory; we have two Tory premiers, no matter what they call themselves. These Tories hold out against an understanding with the Dominion of Canada.

Mr. TIMMINS: No.

Mr. HARTT: Oh, yes. If my hon. friend has anything to say I shall listen; I want to learn. The arrangements for an interprovincial conference is a matter of Canadian importance; it is a matter of constitutional rights established and recognized by every court, including the privy council. My former colleague, Mr. Fernand Choquette, gave jurisprudence to the premier of Quebec, and said, "Here is the accusation that I throw at you. You are causing dissension in Canada and a disruption of confederation." You gentlemen were not in the Quebec legislature in 1942 when Britain stood alone, when you talked so British, when you believed so much that the destruction of Britain was a matter of a few moments, when human liberty was about to be destroyed, when that beautiful anthem which everybody sings or talks about but which everybody chooses to forget, was in the air, praising themselves for their part in the greatest moment in human history; it was at that time that the federal government called upon the provinces to relinquish certain fields of taxation, to rent them out, to give a chance to the federal government to carry on the war. The Liberal government at that time in power in Quebec said, "Take it; we will cooperate; we want to do all we can." What did Mr. Duplessis, who was a member of the legislature at that time, say? He was the leader of the opposition at that time. Had hon. members been there they would have heard Mr. Duplessis' speech. They would have heard him say that we were giving away our autonomy. It has nothing to do with autonomy. It is egomania; that is what it is. It is a mania for his own aggrandisement, to go down in history as the greatest French-Canadian. That may be possible for Mr. Duplessis, but when I heard the hon. member for Muskoka-Ontario (Mr. Macdonnell) move his amendment and have it supported by people who are so British or Canadian I say it is something that is self-contradictory.

I do not know the premier of Ontario, but he is one of those coy babies who run away and say, "Come hither." You know those coy babies, the young ones. He comes to this town and blames the Canadian government—the government that speaks for the people of Canada, for our interests—for all the troubles. He accuses them of blackmail. If you call that statesmanship; if you call that patriotism, I say to you, Mr. Speaker, that there has never been a more traitorous act in this country than the two premiers of Ontario and Quebec are practising, who are trying to encroach upon the rights of the federal government. If Mr. Duplessis and Mr. Drew—

[Mr. Timmins.]

Mr. JACKMAN: Shocking language.

Mr. SINCLAIR (Vancouver North): Speak up so we can hear.

Mr. JACKMAN: I think he must have heard. I say that it is shocking language to say that two premiers of this country are traitors.

Mr. HACKETT: On a question of privilege or on a question of decency, I suggest that the term "traitorous" used by the hon. gentleman as applied to eminent public men holding positions of the highest trust in Canada should be withdrawn.

Mr. HARTT: Mr. Speaker, there was no question of privilege and there is no question of privilege when an hon. member holds the floor. There may have been a point of order.

Mr. JACKMAN: There is in this house.

Mr. GREEN: Mr. Speaker—

Mr. HARTT: I will withdraw the word "traitor".

Mr. GREEN: We do not mind all this cheap abuse of ourselves, but the word "traitor" should be withdrawn.

Mr. HARTT: I withdraw the word.

Mr. SPEAKER: I understand the word has been withdrawn.

Mr. SINCLAIR (Vancouver North): What about "cheap abuse"?

Mr. ABBOTT: Yes; I think that should be withdrawn.

Mr. SINCLAIR (Vancouver North): The pot calling the kettle black.

Mr. HARTT: Seeing where it comes from I do not mind, Mr. Speaker. I withdrew and withdraw the unparliamentary word "traitorous". There is nothing in the rules of parliament which forces me not to think what I like. Hon. members can make their own guess about it. I sat for eight years in the provincial house, and I heard Ottawa being spoken of as if it were the capital of Germany, not the capital of Canada. I resented it at the time and I said so; I repeat it here. If anybody is so touchy that he does not like Mr. Duplessis to be called to account, but would rather see Canada divided to suit his own purposes they can decorate it with any candy they like. It speaks for itself. It will go down in the annals of history. As a Canadian I feel that this man has not contributed anything to Quebec. I cannot speak intimately of the premier of Ontario, but judging him from his statements—I think somebody referred to them as a rhapsody in blue. Let me add one word, tragedy in blue.

The Dominion of Canada will overcome these difficulties. When the provincial treasuries begin to be empty, when no more subsidies of $20 million go to the provinces they will either have to tax or they have to come hollering to the Minister of Finance. To say that for a province to make an arrangement to rent its taxation rights to the mother parliament is an infringement of autonomy is misrepresenting the situation. Seven provinces have signed an accord, and they are satisfied. Does that say that they are not patriotic, and they do not want their autonomy just as much as the other provinces? It will have a bad effect. I do not want to play politics with the proposition.

I rose to speak tonight on another matter. The hon. member for Peace River (Mr. Low) said to me that I was wearing my pants thin. I could not understand him at that moment, but when I read over *Hansard* today I could follow the proposition. I do not think he will ever make that remark again. I am susceptible to invitations.

If I could say in words what I have in thought about that speech which the hon. member for Wetaskiwin (Mr. Jaques) made yesterday in this house, I think everybody in the house might agree with me, but I think it would make history in the Canadian parliament. I have not too much time left, but as a preface, I have never heard anything more insulting to Canada. I have never heard anything so psychopathic. I never heard any such crackpot philosophy, such a half-wit and nit-wit ideology as I heard here yesterday. I have *Hansard* here, and if you, sir, would allow me the time I would analyse that speech from page one to the last letter. I would analyse it from page 3086 to the last page in *Hansard* of May 14 where the hon. member who spoke yesterday is reported. Here is a man who consorts with the greatest enemy of the British empire. Here is a man who is consorting with the former Ku Klux Klan. Here is a man, Smith, who has been declared anti-British and anti-semitic, who has hindered Britain to the utmost degree and the hon. member for Wetaskiwin says "I have gone to the United States to convert the Americans," and that he succeeded. After listening to the hon. member, I would say the only thing he can do by his speeches is to repel anybody who listened to him. There was not any coherence in what he said. He knows nothing at all about the people he spoke about. He misled and misrepresented the house in that statement. He is a propagandist for which Canada has given hundreds of thousands of young lives and billions of dollars in wealth. I do not think Canada wants that type. He objects to being called a Hitler. It is a compliment to him. I think Hitler had a little more brains. What he is looking for is publicity.

I have this copy of *Hansard* all marked up, and if I had the time I should like to go down the line to show you the contradictions, the inventions that this man has brought into this house, a man who has been consorting with the enemies of this country, but who says that he is a Canadian and a Christian. I wonder where he got that appointment as a Christian apostle. I know something about this Christianity. I am no foreigner to it. We have contributed to that Christianity. There is nothing in it which is not in Judaism. I admire the leader of the Social Credit party. I think he is a fine and genial person. In fact, I congratulate him on his first name, Solon, it being that of the great Greek lawgiver. I was hoping that he would live up to that name and not live down to his second name, Low. When he denied any association with Smith for his party, I admired him for it. But I am surprised that the hon. member who spoke yesterday was not read out of the Social Credit party. He is a menace to the country, and we are not ready to spend another one hundred thousand lives and billions of dollars to devastate half the world.

Mr. LOW: If the hon. member will show me where he is a menace to the country, we will have him read out of the party.

Mr. HARTT: I have not the time.

Mr. LOW: Oh, you waited until five minutes to eleven o'clock before mentioning this.

Mr. HARTT: I am willing to sit down with my hon. friend. I have great confidence in him, and I am willing to sit down and show him that his colleagues are singing the song and the dirges of misery that were sung in the countries which are now completely exhausted and devastated, and whose people were fed on the blood of others, people who feed on human lives.

Mr. POULIOT: Do not discuss it with the leader of the Social Credit party alone. Let us listen to the argument.

Mr. LOW: That is the idea.

Mr. HARTT: Let us begin at the beginning, if you will allow me to do so. The hon. member for Wetaskiwin rose and said that he intended to speak on the budget, but because he visited the United States and visited the united nations he had of necessity to change

his speech. But he reported nothing about the united nations in the remainder of his speech. I refer hon. members to the report in *Hansard*. He does say something about the anti-defamation league. Let me tell you something about the anti-defamation league. This is a Jewish institution organized in the United States. It never crossed the Canadian border and it will not cross the Canadian border, because Jewish interests in the United States are not the same as Jewish interests in Canada. We have learned to serve one God in one way, but we respect the nation that gives us asylum and gives us a home and liberty. So if an American Jew finds his interests contradictory to those of a Canadian Jew, we cannot march along together. This anti-defamation league is supposed to have given a statement which was reproduced in the Ottawa *Journal*:

. . . as saying that Jaques had addressed "nationalist" rallies in various parts of the United States recently with Gerald L. K. Smith, leader of the newly organized Christian nationalist crusade. Smith told a conference here yesterday—

That was in New York.

—that the crusade's ten-point programme includes preservation of the United States as a Christian nation, exposure of communism, and the "safeguarding of America against the menace of bureaucratic fascism."

We all agree with that. The United States can have any religion it likes. So can Canada. It is the individual right of every person. It can have its ideology. It can have its own political system. What does the hon. member say?

I may say that my reply to the press locally was as follows:

The Zionist terrorists—

And so on.

Now, I ask hon. members to take *Hansard*. I do not want to read the whole thing. Not a word was mentioned in the first quotation about zionism or terrorism. But what does he do by that sophistry? Like a demagogue, he finishes a sentence quoting something, then interjects something else which has no relationship whatsoever to the two former quotations. The hon. member said in the house that the mob and the people do not understand. He is the only free man. The mob is not responsible and he is going to show them the way. So I say to you, first of all, the anti-defamation league may also be anti-zionist.

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member but it is eleven o'clock.

Mr. HARTT: May I adjourn the debate?

[Mr. Hartt.]

Mr. KNOWLES: You have already spoken for forty-five minutes.

Mr. HARTT: I know that, but I want to bargain.

Mr. WEIR: May I adjourn the debate?

On motion of Mr. Weir the debate was adjourned.

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

Friday, May 16, 1947

The house met at three o'clock.

PRIVILEGE

MR. CLAXTON—REFERENCE TO STATEMENT OF MR. RAYMOND IN DEBATE ON MAY 15

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, I rise on a question of personal privilege. Speaking in the house yesterday the hon. member for Beauharnois-Laprairie (Mr. Raymond) at page 3108 of *Hansard* cited *L'Action Catholique* of December 16 as having quoted me as saying:

(Translation):

Through its proposals, the dominion government is trying to place the provinces in such a position that they might relinquish their constitutional responsibilities.

(Text):

Had the hon. member looked at *L'Action Catholique* for the next day, that is the 17th of December, he would have seen a correction, showing that I did not say anything of the kind but said almost exactly the reverse. Because this is a matter of some importance, and as the hon. member based a considerable part of his speech on this translation—or mistranslation—I know he would be the first to admit his own surprise at my ever expressing the view he credited me with, and I should like to quote from *L'Action Catholique* for December 17, as follows:

(Translation):

It does seem that a faulty translation by a contemporary has caused us to do an injustice to Hon. Mr. Claxton. We had been sent a newspaper clipping which ascribed to the Minister of Health a statement which was the opposite of what he actually said. As a matter of fact, one of our readers assures us that he has the English text. Mr. Claxton had used the verb "discharge" which the translator rendered by the expression "se défaire" (to get rid of), instead of using the proper term "s'acquitter." The minister was asserting that the offers made by the dominion to the provinces would enable

them to discharge their obligations with respect to education and social welfare, and not to get rid of them—

And they ended their note with:

(Translation):

We are making this correction even before being requested to do so by Hon. Mr. Claxton, because it is a matter of justice.

(Text):

As it happens, I have the text of the speech referred to, as delivered in French and English. What I said in English was:

In its proposals to the provinces, the dominion government has tried to put the provinces in a position where they could properly discharge their constitutional responsibilities. It is not centralization for the federal government to offer to pay Quebec $57 million for what was never before worth to the province more than $31 million. The dominion is trying to avoid double taxation and treat all Canada on an equal basis so as to enable every part to develop its resources and discharge its responsibilities for the education and well-being of the people.

A French translation was given to the press at the same time. It will be seen from the foregoing that what I said was actually—

Some hon. MEMBERS: Order.

Mr. CLAXTON: —almost exactly the reverse of what the hon. member for Beauharnois-Laprairie quoted me as saying.

Mr. FERGUSON: I submit that in making a speech at this stage the minister is out of order.

Some hon. MEMBERS: Order.

Mr. FERGUSON: I am tired of listening to that.

Mr. CLAXTON: I am sure that like *L'Action Catholique* the hon. member for Beauharnois-Laprarie will be the first to regret the error made.

MR. DROPE—FLOOR PRICE ON BUTTER

Mr. R. E. DROPE (Northumberland, Ont.): The hon. member for Victoria, B.C., (Mr. Mayhew) is reported on page 3127 of *Hansard* as saying that in my speech of May 8, I asked for a subsidy on butter. I wish to correct the hon. member and I refer him to page 2892 of *Hansard*. What I said was: If the ceiling price and rationing are to be continued, a floor price should be put on butter.

PETITION

REQUEST FOR AMENDMENT OF OLD AGE PENSIONS ACT

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I desire to present and endorse a petition signed by Mr. John Beckett and 256,282 others. It is very short, and I would therefore ask permission to read it to the house.

Mr. SPEAKER: Has the hon. member the consent of the house to read the petition?

Some hon. MEMBERS: Agreed.

Mr. COLDWELL: It reads:

To the Honourable the House of Commons of Canada in Parliament assembled:

The petition of the undersigned citizens of the Dominion of Canada humbly sheweth:

That, in the opinion of your petitioners, the present standard of old age pensions is grossly inadequate to provide a life of security and dignity to the aged people of this dominion.

Wherefore your petitioners humbly pray that your honourable house may be pleased, during the present session of parliament, to amend the Old Age Pensions Act

(a) to provide pensions of not less than fifty dollars per month at age of sixty-five,

(b) to eliminate the means test,

(c) to provide, in addition to the basic pension, a cost of living supplement, invalidity supplement, and free medical, dental, optical and hospital care, and

(d) to provide that all such pensions be paid in full from the dominion treasury.

And as in duty bound your petitioners will ever pray.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 206, to amend the Act incorporating The Canadian Council of The Girl Guides Association.—Mr. Ross (St. Paul's).

WAR CHARITIES ACT, 1939

AMENDMENT CONFINING PROVISIONS OF ACT TO FUNDS ALREADY REGISTERED

Hon. BROOKE CLAXTON (Minister of National Defence, for the Minister of National Health and Welfare) moved the first reading of Bill No. 205, to amend the War Charities Act, 1939.

Motion agreed to and bill read the first time.

HUMAN RIGHTS

FUNDAMENTAL FREEDOMS—OBLIGATIONS UNDER UNITED NATIONS CHARTER—APPOINTMENT OF JOINT COMMITTEE

Right Hon. IAN A. MACKENZIE (Minister of Veterans Affairs, for the Prime Minister) moved that the house go into committee to consider the following resolution:

That a joint committee of both houses of parliament be appointed and that Messrs. Benidickson, Breithaupt, Croll, Sinclair (Ontario), Belzile, Beaudoin, Pinard, Lesage, Marier, Rinfret, Whitman, Ilsley, Isnor, Michaud, Maybank, Mayhew, Diefenbaker, Fulton, Hackett, Hark-

ness, Hazen, Macdonnell (Muskoka-Ontario), Massey, Miller, Irvine, Jaenicke, Stewart (Winnipeg North), Hansell, Herridge be members of such committee, as far as the interests of this house are concerned, to consider the question of human rights and fundamental freedoms, and the manner in which those obligations accepted by all members of the united nations may best be implemented;

And, in particular, in the light of the provisions contained in the charter of the united nations, and the establishment by the economic and social council thereof of a commission on human rights, what is the legal and constitutional situation in Canada with respect to such rights, and what steps, if any, it would be advisable to take or to recommend for the purpose of preserving in Canada respect for and observance of human rights and fundamental freedoms;

That a message be sent to the senate requesting that house to unite with this house for the above purpose, and select, if the senate deems advisable, some of its members to act on the said proposed joint committee.

He said: Mr. Speaker, I have the honour at this time to move on behalf of the right hon. Prime Minister (Mr. Mackenzie King), who is absent from the house on a mission of devotion and duty, this resolution. I shall not repeat the words of the resolution which you have just been kind enough, sir, to declare to the house, but I do desire at once to remind the house that this is an implementation of the message contained in the address of His Excellency in the speech from the throne that a joint committee of both houses be appointed to consider what I consider to be one of the most important issues of our time.

We have had discussions in this house on many occasions on the subject of human rights and personal and fundamental freedoms in their relationship to matters of domestic concern. Since then events in a wider sphere have brought this question before us in a different form. We are to consider the subject of human rights and fundamental freedoms, not only as a Canadian problem but in relation to our obligations to other peoples, to the recently liberated peoples of the fascist states, to the awakening masses of Asia, to the citizens of our former allies whose concepts in many cases of human rights and freedoms, however tenaciously held, would seem to differ vastly from our own.

The inspiration for this international approach came in our day from what I might without extravagance term the memorable terms of the Atlantic charter. I am not going to go through the details of that charter this afternoon, as every hon. member of this house knows them as well as I do, but I will just quote:

They respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them . . .

The rest of the articles of the charter, to which I could easily refer, will be left for the discussion which may ensue.

When the united nations was formally constituted at San Francisco in April 1945—some of my hon. friends in all parts of the house were there—the very preamble of the charter set forth the supreme purpose of the united nations in the following terms—I shall quote only one paragraph because I shall be fairly hurried in my summary:

We the peoples of the united nations determined . . . to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small . . . and for these ends . . . have resolved to combine our efforts to accomplish these aims.

All through the charter, Mr. Speaker, we find the same ideal kept in the foreground.

Article 1, defining the purposes of the united nations, I need not read.

Article 13 includes this purpose among the principal functions of the united nations by providing that:

1. The general assembly shall initiate studies and make recommendations for the purpose of:
(b) promoting international cooperation in the economic, social, cultural, educational, and health fields, and assisting in the realization of human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion.

Article 7 of the charter, which establishes the principal organs of the united nations, lists among them an economic and social council.

Article 55, is the basic article surrounding this debate, together with article 56. Article 55, dealing with the subject of international economic and social cooperation, pledges the united nations to promote, *inter alia*:

universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language or religion.

Article 61 provides that:

the economic and social council shall consist of eighteen members of the united nations elected by the general assembly.

Article 62 authorizes the council to initiate studies and reports with respect to the purposes assigned and in particular:

It may make recommendations for the purpose of promoting respect for and observance of, human rights and fundamental freedoms for all.

Article 68 provides that the economic and social council shall set up commissions in economic and social fields and for the promotion of human rights.

That is a brief summary, Mr. Speaker.

All freedom-loving Canadians I am sure will note with gratification that the united nations have sought faithfully to carry out the purposes laid down in the charter. Pursuant to article 68 the economic and social council has already established a commission on human rights. At its first session in London the economic and social council on February 16, 1946, defined the functions of the commission on human rights, as follows:

> The work of the commission shall be directed towards submitting proposals, recommendations and reports to the council regarding:
> (a) an international bill of rights;
> (b) international declarations or conventions on civil liberties, the status of women, freedom of information and similar matters;
> (c) the protection of minorities;
> (d) the prevention of discrimination on grounds of race, sex, language or religion.

To which at a later meeting on June 21, 1946, there was added the following:

> (e) any other matter concerning human rights not covered by items a, b, c and d.

By a further resolution on June 21, 1946, the economic and social council took steps for the compilation of a universal survey of the subject in very definite terms which are available to all hon. members.

The commission on human rights has met and organized itself and has set up several subcommissions of experts. One of these is a subcommission on freedom of information and of the press. Its function is:

> —in the first instance, to examine what rights, obligations and practices should be included in the concept of freedom of information, and to report to the commission on human rights on any issues that may arise from such examination.

The other subcommission which has already been created is on the protection of minorities.

A drafting committee has already been established for the purpose of formulating a preliminary draft of an international bill of human rights in accordance with the great concepts laid down in the charter of the united nations. This draft will then be submitted to all states which are members of the united nations, for their observations, suggestions and proposals. The objective is that the proposed bill may be submitted to the general assembly of the united nations in 1948.

While no Canadian is a member of the commission on human rights, Canada is one of the eighteen nations represented on the economic and social council which created it.

The two members of this government who have attended and participated in the sessions of the economic and social council are the present Minister of National Health and Welfare (Mr. Martin) and the present Minister of National Defence (Mr. Claxton), and I think we all owe them a great debt of gratitude for the work they accomplished in these deliberations.

It is obvious, Mr. Speaker, that any document so far-reaching as an international bill of rights is of great importance to the people of Canada. It is essential therefore that our Canadian representatives should have the advantage of the fullest possible expression by the Canadian parliament and the Canadian people of their views on this subject. We must be ready to consider the draft international bill of human rights when it is referred to us.

One of the recommendations of the economic and social council adopted at the meeting in June, 1946, is as follows—and this is very important to us here:

> Members of the united nations are invited to consider the desirability of establishing information groups or local human rights committees within their respective countries to collaborate with them in furthering the work of the commission on human rights.

No action along these lines has been taken in Canada.

The joint committee of both houses of parliament which by the resolution now under discussion it is proposed to establish will undoubtedly give a lead along these lines. I think it can be said with safety that our Canadian attitude would be to have voluntary committees instead of those under governmental direction or control. It is doubtful that the Canadian people would look with favour upon organizations set up under government auspices. Nevertheless it is not too soon to draw attention to the desirablity of the Canadian people giving widespread and intense study to this vital and far-reaching subject.

May I be permitted, sir, with respect, to refer to what has been said in this house before in connection with this subject, especially by my hon. friend the member for Lake Centre (Mr. Diefenbaker), whom I congratulate. There are certain historic landmarks of tremendous value to us in Canada. If we as a Canadian parliament and a Canadian people are to make our appropriate contribution to the formulation of world opinion on the subject of human rights and freedom, it is well that we should briefly look back to some of the historic landmarks in mankind's progress along the road to freedom. They include—and these things are funda-

mental—magna carta, the Declaration of Rights, the Petition of Right, the Habeas Corpus Act and the United States bill of rights, which was referred to in the debate in this house last year.

I shall not say very much about the fundamental doctrines of magna carta, they are so well known to every hon. member. It was an agreement wrested from a ruthless king by the barons of England; and, unfortunately, although it made the biggest contribution to this continent of any document in history, it did not make an equal contribution to the continent where it was formed. It was near the famous meadow of Runnymede you can see from the king's tower at Windsor castle that Grey wrote his famous elegy:

> Some village Hampden, that with dauntless breast
> The little tyrant of his fields withstood.

The principles it declares include: freedom of the church, the limitations on the payment of interest—my friends to the far left will be glad to hear that; prohibition of the levy of taxation without consent of the general council of the nation; arranging the assembly of the council of the nation; safeguarding the property of the dead; uniformity of weights and measures, if you please, back in 1215. The great paragraph was recited by my friend in the house a year ago, the real vital paragraph of magna carta:

> No free man shall be taken, or imprisoned, or dispossessed, or outlawed, or banished, or in any way destroyed, nor will we go upon him nor send upon him, except by the legal judgment of his peers or the law of the land. To no one will we sell, to no one will we deny or delay justice or right.

Magna carta, as every student of history knows, was the foundation of the Petition of Right, the Declaration of Rights, of the habeas corpus and the reform bills of England. May I quote to the house the words of Alexander Hamilton, one of the greatest Americans.

> The sacred rights of mankind are not to be rummaged for among old parchments or musty records. They are written as with a sunbeam in the whole volume of human nature by the hand of the Divinity itself and can never be erased or obscured by mortal power.

Magna carta was the formation, the inspiration of the constitution of practically every state in the union. In the legal system of the Puritan colonies of New England we find important features of magna carta. Their deputies were instructed to frame the body of their law in resemblance to magna carta, and the very words were repeated in 1641. In 1638 the colonial assembly of Maryland passed a bill to recognize magna carta as part of the law of the colony. In the charter of liberties and privileges of New York of 1683, you also find these title deeds. In Pennsylvania, the basic law of the state was said to be a sort of magna carta. Its familiar phrases appear in the charters and constitutions of New Jersey and Pennsylvania. In 1687 William Penn published in Philadelphia an edition of magna carta exhorting his fellow colonists,—and I quote:—

> —not to give away anything of liberty and property that at present they do enjoy, but take up the good example of our ancestors and understand that it is easy to part with or give away great privileges, but hard to gain them if they are once lost.

The American constitution was itself consciously linked with magna carta. As Lord Lothian, the former Philip Kerr, minister to Washington, said:

> The tea was thrown into Boston harbour with the words of magna carta ringing in men's ears.

The American bill of rights, passed ten years after the declaration of independence, traces its pedigree back to that ancient document, and as late as 1907, forty years ago in the constitution of the new state of Oklahoma the most famous sentences were repeated in the constitution.

I want to conclude that reference with a little touch from a speech of a great American general, that friend of freedom, Eisenhower, delivered in England just before he left. He loved London and London loved him. He said:

> When we consider these things,—

He was talking about these elemental things.

> —then the valley of the Thames draws closer to the farms of Kansas and the plains of Texas.

That is the cooperation we need today among the Anglo-Saxon peoples. I think I have dealt with that part which has to do with the sources of freedom, but I want to say that while magna carta was the inspiration of this country, it was never observed in the historical development of my own native country. That is true.

May I say something about habeas corpus. Let me quote Dicey's law of the constitution, sixth edition, page 217:

> The act, while the most important landmark in the constitutional history of England, in no sense creates any right to personal freedom, but is essentially a procedure act for improving the legal mechanism by which acknowledged right may be enforced.

And again at page 195—Dicey is the greatest authority who ever wrote on the British constitution:

> It declares no principle, and defines no rights, but is for practical purposes worth a hundred articles guaranteeing constitutional liberty.

The bill of rights of the United States I shall leave with the house. The house knows it, but I should like to quote what was said by Mr. Jefferson. In the first place this was his first inaugural address, delivered on March 4, 1801. I think the last words of the address are far more powerful than the words of the United States declaration of independence. I must say something here in a personal way. I think that the words of the United States declaration of independence are indefensible where they say that every man is entitled as of right to life, liberty and the pursuit of happiness. It is obvious that in these days of uncertainty, in these days when nations have duties one to another, no one is entitled to free possession of life because his life may be at the service of the state. Liberty is a variable thing. On the streets of your communities, your municipalities or cities, there is interference with your liberty, and properly so. The pursuit of happiness depends on many elements. It depends on heredity, it depends on environment, it depends on political, social and economic conditions that surround one's life. There is no fundamental right to the pursuit of happiness but there is a fundamental right that one shall not be prevented from pursuing happiness.

This is what Jefferson said, in a far finer phrase, in my opinion:

> Equal and exact justice to all men of whatever state or persuasion, religious or political; peace, commerce, and honest friendship with all nations,—entangling alliances with none; the support of the state governments in all their rights, as the most competent administrations for our domestic concerns, and the surest bulwarks against anti-republican tendencies; the preservation of the general government in its whole constitutional vigour, as the sheet anchor of our peace at home and safety abroad;—

And these are the lines that I really wish the house to remember:

> —freedom of religion; freedom of the press; freedom of person under the protection of the habeas corpus; and trial by juries impartially selected—these principles form the bright constellation which has gone before us, and guided our steps through an age of revolution and reformation.

It is clear, Mr. Speaker, that the American bill of rights, like the great British charters, laid no claim to the declaration of a new law; and as a fundamental principle that may be recalled, it was rather, sir, in the words of an eminent authority, Sir Maurice Amos, in his work on the American constitution, an attempt to insure—

> —that certain fundamental axioms might be placed by the constitution beyond the reach of the ordinary legislature.

This was possible in the United States because its parliamentary bodies, its congress, its state legislatures derive all their powers from the express language of a written constitution. It is possible in a country which functions under a written constitution to define and limit the powers of law-making bodies. The function of the British North America Act is to lay down which of our two parliamentary bodies, the federal or the provincial, has jurisdiction to legislate in certain fields. In theory at least, Mr. Speaker, the dominion and the provinces have their rights under their respective jurisdictions. Hence if we are to consider whether in Canada we should adopt something in the nature of a bill of rights, we must do so having regard to certain conditions.

Let us never forget that we already possess in this country the rights affirmed in magna carta on the nineteenth day of June, 1215, the declaration of rights in 1628, the Habeas Corpus Act of 1679, and the great body, with its sweep and scope, of common law. We can legislate with no greater authority or durability than pertains to an act of parliament. Some of the subjects commonly associated with a bill of rights are not within the jurisdiction of the federal government but have been assigned by the British North America Act to provincial jurisdiction. That is one thing this committee will of course remember.

It will be noted, Mr. Speaker, that to the extent that we may wish to deal with the subject of human rights and fundamental freedoms as domestic legislation, there is much, very much, for a select committee to consider. It may even be desirable or necessary that consultation with the provinces take place.

Just a word about France. They attempted a comprehensive constitution last May but they finished up with a brief affirmation of a fundamental principle which they have had since 1789. May I read it—it is only four lines:

> The solemn affirmation of the rights and liberties of man and of the citizen consecrated by the Declaration of Rights of 1789—and the fundamental principles recognized by the laws of the Republic.

Thus, sir, we see that on second consideration the people of France regard it as wiser to avoid defining and confining in mere iteration of words those deeply ingrained concepts of men's inherent rights, whose greatest protection is not in printed words but in mankind's sense of natural justice.

I wish to say a word or two about my native country, and this will probably shock

the house. Let me say how the principles of magna carta were there betrayed. Notwithstanding magna carta of 1215, notwithstanding the Bill of Rights of 1689, the Highlanders of Scotland, after the rebellion of '45 and the battle of Drummossie Moor in April, 1746, were prohibited from wearing their native dress or playing their native music or speaking their native tongue.

An hon. MEMBER: The government has done that too, as far as the kilts are concerned.

Mr. MACKENZIE: Will you listen to the Culloden oath? Probably you have never heard it before but I ask you to listen to it:

I do swear and as I shall answer to God at the great day of judgment, I have not nor shall have in my possession any gun, pistol or arm whatsoever and never use tartan, plaid, nor any part of the Highland garb, and if I do so may I be cursed in my undertakings, family and property. May I never see my wife and children, father, mother or relation. May I be killed in battle as a coward and lie without Christian burial in a strange land far from the graves of my forefathers and kindred—may all this come across me if I break my oath.

Mr. BRYCE: Craigellach.

Mr. MACKENZIE: This is no idle gesture. Here behind me—

An hon. MEMBER: Is a piper.

Mr. MACKENZIE: —is the hon. member for New Westminster (Mr. Reid). There is on record a ruling of the Court of Session in Scotland—in Edinburgh—in the year 1746, which sentenced a Jacobite named Reid to be hanged for carrying a weapon of war in the form of a set of bagpipes.

Mr. REID: Some would like that today.

Mr. MACKENZIE: Of course, times have changed. Under the taxation laws of Great Britain, during the recent war, a purchase tax of 100 per cent was put on bagpipes because the government of the day ruled that it was a musical instrument and not a weapon of war.

And now I wish to leave with the house something which, I may say, is not my own, since I am only expressing opinions I have derived from history. I am being very impartial this afternoon, taking both sides of the argument. But there is something here that my friends of the name of Ross must appreciate. This is the most famous declaration of freedom, in my opinion, and I think I have read most of them in the world. Six years after the battle of Bannockburn it was passed by the Scottish parliament, in 1320, and addressed to His Holiness the Pope. There was a demand made that Robert the Bruce, who was then king, should be removed from the kingship of Scotland. I want to quote the last four lines, and those alone, because I think the hon. member for Lake Centre will greatly enjoy them. The pride and the arrogance which this declaration contained, with the great love of liberty, make a wonderful statement:

If this prince should leave the principles he has so nobly pursued, and consent that we, or our kingdom, be subjected to the king or people of England, we shall immediately endeavour to expel him as our enemy, and as the subverter both of his own and our rights, and will make us a king—

Note that, "will make us a king".

—who will defend our liberties; but long as there shall be but one hundred of us remain alive, we will never subject us to the dominion of the English.

These are the last four lines which are worth remembering:

It is not for glory, riches, or honour, that we fight, but for that liberty which no good man will consent to lose but with his life.

That is the Scottish parliament of 1320.

I come across the seas to the dominions. Professor A. Berriedale Keith, in his "Constitutional Law of the British Dominions", at page 91, says:

True to the British tradition—

Let us remember this.

—the dominion constitutions ignore entirely the question of defining the rights to be enjoyed by subjects.

That is by one of the greatest constitutional writers the world has known. If we look back, sir, we shall recall that the greatest right and privilege which the fathers of confederation sought to protect and preserve was that of remaining British subjects. If we hark back to the debates of 1865 we shall find that the great fear which drew the provinces together was that of being swallowed up in the American republic, notwithstanding its famous bill of rights. John A. Macdonald, whose father was born in my own native county of Sutherland in Scotland, and who was one of the greatest Canadians of all time—

Mr. ROSS (St. Paul's): The hon. member did not make much use of that relationship.

Mr. MACKENZIE: Well, I am a great admirer of him; I could not be more so if I had met him myself. John A. Macdonald said:

If we are not blind to our present position, we must see the hazardous situation in which all the great interests of Canada stand in respect to the United States.

These were the early days.

I am no alarmist. I do not believe in the prospect of immediate war. . . . Still, we can-

not trust to probabilities. The government and legislature would be wanting in their duty to the people if they ran any risk.

Cartier spoke, and he said that—

—the matter resolved itself into this: either we must obtain British North American confederation or be absorbed in an American confederation.

Listen, please, to this, in the same debate. I am going to leave only one paragraph with you. It is a graphic picture presented by that dour Edinburgh Scotsman, George Brown. He was talking about the historic battles between Britain and France, and about a just settlement in Canada, and these were his words:

Here sit the representatives of the French population discussing in the French tongue whether we shall have it. . . . Here sit the children of the victor and the vanquished, all avowing hearty attachment to the British crown, all earnestly deliberating how we shall best extend the blessings of British institutions.

These were three great men speaking in a great debate.

Now I want to say a very brief word about the essential features of the international bill of rights. In considering the proposed international bill of rights and the position which will be taken by Canada in respect thereto, I believe it is necessary that we should give some thought to the nature of the rights which we seek to protect and conserve. Lord John Russell, that great lover of liberty, notes three kinds of liberty, which I will just mention:

(1) Civil liberty . . . the power of doing that and that only, which is not forbidden by the laws. This definition comprehends the security of person and property.

(2) Personal liberty . . . the power of doing that which in itself is harmless, as speaking or writing, and of which the abuse only is criminal. Religious freedom and eligibility to office may also be comprehended under this head.

(3) Political liberty . . . the acknowledged and legal rights of the people to control their government, or to take a share in it.

Later in the same discussion, which is found in Ernest Rhys' "Growth of Political Liberty", Lord John Russell, while pointing out that civil and personal liberty have existed to a certain degree in despotic states, concludes in these words:

The only efficient remedy against oppression is for the people to retain a share of the supreme power in their own possession. This is called political liberty.

Professor Reginald Trotter—and I am sure you have all read his recent book—in his "Charters of our Freedom" comes to a similar conclusion. He says:

Freedom . . . means many things. Freedom in relation to government and law has two sides, civil liberty and political liberty . . . Experience has shown that without political liberty, civil liberty is in danger.

We feel, sir, that in our British and American systems of democratic parliamentary government we have a good working plan of political liberty. But I feel sure that when the question of fundamental human rights and freedoms comes to be debated by the united nations a school of thought will find expression there which will disagree profoundly with our theory that freedom depends upon our system of political democracy. It may well be, Mr. Speaker—and this is a matter for the committee to consider—that the international bill of rights, when it emerges, will fall far short of that which we as Canadians would consider desirable and even fundamentally necessary. If our conceptions of freedom are in the long run to prevail, the minimal bill of rights which is likely to emerge from the united nations assembly will require many amendments and augmentations in the years to come. For that process of spreading the spirit and the substance of freedom among other peoples we must prepare ourselves by experience, by example and by education.

I recall a speech that I heard delivered by Field Marshal Smuts, when I was a young undergraduate, to the red-gowned students of St. Andrew's university in Scotland. He spoke on freedom:

In the long run only the spirit of international comradeship can solve the problems of freedom and of peace. But in the meantime the supreme cause has to be kept going, and to be safeguarded from all danger, till the coming of a new renaissance of the European spirit.

Just a word to the house, if I may, on the source of freedom. As one delves, as I have delved somewhat in recent months, and as my hon. friend from Lake Centre has delved for some years, into the literature of freedom, one observes two specific approaches to the subject, apparently in direct conflict with each other. One school of thought regards freedom as the state of nature and looks upon all law making as tending to restrict man's natural and original freedom. Algernon Sydney says this:

The liberties of nations are from God and nature, not from kings.

Lord John Russell, probably the greatest apostle of liberty in many centuries, said:

What is called love of liberty means the wish that a man feels to have a voice in the disposal of his own property and in the formation of the laws by which his natural freedom is to be restrained.

The other approach seems to regard each segment of freedom as something wrested from authority.

There was a fine presentation made—and I shall not refer to it in detail at the present

time—by Mr. Sandwell, of Toronto *Saturday Night* in a radio address under the series called "Our Heritage of Freedom", which was conducted some years ago, in which he seemed to take this latter position.

Perhaps in England the peak of this progression to absolutism was reached during the reign of King John. If so, sir, the retrogression from absolution begins with magna carta on the meadows of Runnymede and rounds down from precedent to precedent until we attain the free institutions of which all British people are so proud.

If there is one thing I wish to emphasize, and to repeat time and time again, in so far as British history is concerned—and British history is largely our history, because we derive many of our institutions from them—the greatest charters and declarations which assert and define our liberties have never been regarded as constructive new law but always as the assertion of ancient rights and privileges. That is a very important thing to remember. Thus, where magna carta asserts the rights of every free man to the lawful judgment of his peers, it is the ancient right of trial by jury which is being asserted there. And trial by jury exists among Anglo-Saxons from early days, but no man has been able to trace its beginning or its origin. Similarly the right of habeas corpus, discussed in this House of Commons a year ago, existed long prior to the passage of the Habeas Corpus Act. There is legislation bearing upon it to the days of the Tudors. Once again there is no historical, documentary record of its origin in British law.

When, therefore, we are confronted with proposals to legislate upon the question of human rights, we may with wisdom and propriety pause to consider whether our efforts are likely to result in the broadening of our rights and privileges, or whether perhaps we shall not blunder into the curtailment of them. Thus, sir, if in some statute or constitutional amendment we undertake to embalm and catalogue all the rights of man, and through oversight we omit just one item, it may be open to the courts to decide that because our bill of rights omits this particular thing, no such right exists. Hence in this country, taking its main traditions from two great nations, with its heritage of freedom largely based and founded upon comman law, and with its free democratic political institutions, I suggest that people should scrutinize and analyse closely any proposal to legislate about human rights and fundamental freedoms.

[Mr. Mackenzie.]

Many of the rights and privileges which we prize highly we do not owe to specific statutes. Rather we owe them to the absence of laws which would prohibit them. In my view it is more important that we should think and talk about freedom than that we should pass legislation in regard to it.

One of the great functions of parliament is the scrutinizing of acts of government—and from the activities of my hon. friends opposite in the last three months, I think that task is being most admirably performed. We of the Liberal party who constitute the present government believe intensely in the value of parliament, in which the grievances of the people may be brought to the light of day and analysed and discussed to the end that remedies may be found.

In a generation, sir, in which there has been for countless millions a greater curtailment of freedom than has been experienced since the barbaric empires of old, nothing is more important than that this parliament should be a forum for expounding the principles of freedom, so that men may learn to value them, and be willing to fight and, if need be, to die for them.

Again I come to that famous speech by Field Marshal Smuts on October 17, 1934. These are his words:

> The fight for human freedom is indeed the supreme issue of the future, as it has always been in the past. The new dictatorship is nothing but the old tyranny writ large. I fear the new tyranny more than I fear the danger of another great war. Tyranny is infectious. As Burke said: it is a weed which grows in all soils, and it is its nature to spread.

When, however, I warn against possible danger in the impulse to put freedom in a straitjacket by seeking to define it in words, I do not necessarily subscribe to the proposition that the present state of the law is perfect.

We had a distinguished Conservative parliamentarian here a few years ago—many of my colleagues will remember him—in the person of C. H. Cahan, who was a brilliant constitutional lawyer, although a profound philosophic pessimist. He made a most remarkable address in the series of broadcasts known as "Our Heritage of Freedom", one paragraph of which was in these words:

> Law has been contemptuously called the governing of the living by the dead. But we can never escape from our historic continuity with the past. It is inevitable that the past should govern the present; but the present is only the passing moment, and each succeeding generation makes its own contribution, however meagre, to the living growth of law.

It is a good thing that we of this generation should also seek to make our contribution as heirs to the common law. Perhaps our greatest contribution can be made in directing men's minds to the study of the essential principles of freedom. Let us engrave its great principle upon our monuments of marble and stone. Let us preach them from our pulpits and thunder them in the columns of our free press. Let us debate them in our deliberative assemblies until the eternal verities are enshrined in the hearts of men. But let us not delude ourselves that freedom can be created out of perishable pieces of parchment. Freedom is not a code of man-made laws. Freedom lives and abides and endures in the spirit and the soul of man.

I am going to ask the indulgence of the house—I am sorry I am speaking so long—to tell them something of my own personal experience in obtaining a bill of rights in Canada. It will be very brief. As the house knows, I was born overseas in Scotland. I came to Canada, arriving in Halifax in 1914. I did not know a soul in that beautiful city. I waited for the cushionless upper of the colonist train which was to take me over the long seven-day trail to Vancouver. I passed through all the provinces of Canada except one, Prince Edward Island. I knew something of the history of that grand island. Although I had to pass them by, I knew that I got my bill of rights from Prince Edward Island.

I went through Nova Scotia. I knew something of the history of Nova Scotia. I knew how Sir William Alexander got a charter in 1621 and how the barons of Nova Scotia were enabled to become barons when the esplanade of that old castle at Edinburgh was declared to be part of Nova Scotia so that they could take titles to their lands. I remembered about the arrival of the *Hector* from my native county in 1773 in Pictou harbour, where my good friend, the hon. member for Pictou (Mr. McCulloch) lives. I remembered how Norman Macleod came from the same place in 1817 and lived there for thirty-one years before he went to Australia and New Zealand. I felt that Nova Scotia had given me a bill of rights.

Then I went through New Brunswick, that glorious province, probably one of the most beautiful in Canada. I knew of the loyalists who had sacrificed much to keep a deathless devotion to their sovereign. They were the forebears of magnificent people. I felt that I had a bill of rights from New Brunswick.

Then I came up to old Quebec where I saw the glorious St. Lawrence. I remembered in my wistful reflections how Jacques Cartier had left St. Malo in April, 1534, and how Champlain came first of all to New Brunswick and then to Quebec with his missionaries, nursing sisters, pioneers and explorers. I remembered how for one hundred and fifty years they had given us in Canada the type of settlement and government which makes it possible for us to be here in this House of Commons today. I felt that I had a bill of rights from the province of Quebec.

Then I came past this building here as a humble immigrant, never dreaming that I would be debating in this house some day with the hon. member for Lake Centre. I thought of Galt and Guelph, and I thought of Goderich, Seaforth, Huron, the Yorks and Carleton. I thought of the grand history of the Scotch people of Ontario. I went up the shores of lake Superior and I felt that Ontario had given me a bill of rights.

Then I came to Manitoba, the Red river. I saw the great country there. I remembered how it was peopled from my shire, from my county who had made up the Selkirk settlers. I remembered how there had been women with children in their arms, how other stout-hearted women had borne children in the ice and snow. They went to the Red river and through a willingness to sacrifice and to shed blood and sweat, to fight frost and storm, they held that northwest for the British crown.

Then I came to the spacious reaches of Saskatchewan where the old pioneers opened up the country far up into the northern stretches of that grand province. Many people of my race were there. I have not the time to describe all these Highlands splendid people, but I felt that I had received my bill of rights.

An hon. MEMBER: Not many C.C.F.'s at that time.

Mr. MACKENZIE: Of course I am not making a political speech. Incidentally I believe that the mother of the hon. member for Lake Centre was sprung from one of the old Selkirk pioneers. Then I came up to Calgary and the foothills and I went down that famous stretch from Calgary to Banff, one of the most famous in the country. Alberta is a province full of education, full of religion and full of changing political ideas. I came down to Banff and that bastion of grandeur of the Rockies and its eternal sentinels of hills. Then I came to Golden, which is the real entrance to British Columbia. What a wonderful name for an entrance to a province —Golden. Then down to Revelstoke, Kam-

loops and Lillooet where Pauline Johnson, the great Indian poetess, wrote her famous poem, "The Trail to Lillooet":

Sob of fall, and song of forest, come you here on haunting quest,
Calling through the seas and silence, from God's country of the west.
Where the mountain pass is narrow, and the torrent white and strong,
Down its rocky-throated cañon, sings its golden-throated song.

Then to Vancouver, the queen of them all in Canada, queen of the Pacific coast. I come now, I know to the great relief of the house, to a summary and conclusion of what was intended to be an entirely neutral presentation of this question. Our confederation of four provinces was formed upon the basis of the British North America Act. That is our constitution, and our bill of rights, especially the bill of rights of the provinces now numbering nine. Canada has its charters of liberty, beginning with the Quebec Act guaranteeing the sacred rights of language and religion. Imbedded in Canadian rights are the rights of minorities. The rights of the provinces are clearly laid down in section 92 of the British North America Act and sustained in countless decisions of the privy council. Canada has her maritime rights, her prairie rights, her Pacific rights, her Ontario rights, her Quebec rights; of course they are there. Our rights in a federal state are such as are agreed upon by cooperation and consent.

Who gave us these rights in Canada? First the reformers of 1837, William Lyon Mackenzie and Papineau in their struggle for responsible government. Secondly the fathers of confederation, Macdonald, Cartier, Brown, Tupper, Howe and McGee. It was they who gave to the people of Canada their "dominion from sea to sea". It was they who laid the foundations of this nation and "builded better than they knew". Thirdly, Mr. Speaker, rounding down from precedent to precedent, Mackenzie, the stone mason of Sarnia; Laurier, the knight of the white plume; Sir Robert Borden, with the big booming voice like the breakers on Nova Scotia shores, and our beloved leader of the present hour, Mackenzie King—all these gave greatness and stature to the nation which the founders had established.

World recognition of Canada's stature was won by the achievements of our fighting men in the first great war. Legal sanction to the accomplished fact was recorded in the historic language of the statute of Westminster, the preamble of which made clear that the principles of the statute were merely

in accord with the established constitutional position of all the members of the commonwealth in relation to one another.

[Mr. Mackenzie.]

The statute of Westminster confirmed the free association of the members of the British commonwealth of nations.

Once again in the second great war our knights of the battle clouds, our sailors on the embattled seas, our soldiers on the battlefields of Sicily, Italy, France, Belgium and Holland, supported by the united efforts of this arsenal of the empire, this aerodrome of the united nations, raised Canada to the status of one of the world's great powers.

This new power and authority which accrued to Canada through her military and economic might was not the result of the seeking after glory or the desire to impose her will upon others. Whole-heartedly Canada subscribed to the charter of the united nations, whose high purposes are succinctly stated in articles 55 and 56. May I be permitted to quote them, because they are the kernel of this whole debate:

55. With a view to the creation of conditions of stability and well-being which are necessary for peaceful and friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, the united nations shall promote:

(a) higher standards of living, full employment and conditions of economic and social progress and development;

(b) solutions of international economic, social, health and related problems; and international cultural and educational cooperation; and

(c) universal respect for, and observance of, human rights and fundamental freedoms for all, without distinction as to race, sex, language, or religion.

56. All members pledge themselves to take joint and separate action in cooperation with the organization for the achievement of the purposes set forth in article 55.

Here the united nations gave concrete expression to the ideal placed before the world by President Roosevelt in his four freedoms, and I think it might be well for us all to recall that marvellous voice over the air:

1. The first is freedom of speech and expression everywhere in the world.

2. The second is freedom of every person to worship God in his own way, everywhere in the world.

3. The third is freedom from want, which translated into world terms, means economic understandings which will secure to every nation a healthy peace time life for its inhabitants everywhere in the world.

4. The fourth is freedom from fear, which, translated into world terms, means a world-wide reduction of armaments to such a point and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbour anywhere in the world.

In conclusion, Mr. Speaker, it is well that Canada should play her part in drafting and proclaiming to the world an international bill

of rights as a guide and a direction post for the freedom-loving peoples of the world. It is less evident that Canada, free Canada, heir to the common law, should tamper with her heritage of liberty by seeking to inscribe in statutes the freedom that is inherently ours.

My personal conception, and it is not necessarily that of my colleagues but it is my own, is that we need, far more than a bill of rights, a bill of duties for our people. What would they be? Loyalty to this grand Canadian land in every single province, and loyalty to our sovereign. The second would be comradeship, the essence of comradeship among the one and quarter millions who have come back from fighting the war and saving freedom for us in Canada. The third would be unity, unity between the dominion and the provinces, unity between capital and labour, unity between provincial and federal authorities, unity between Canada and other freedom-loving countries. For the fourth, go down there and read the inscription on the national memorial, "Without peace there can be no enduring freedom; without freedom there can be no enduring peace" for your children who will be the leaders of Canada tomorrow. The duty and responsibility of this House of Commons of Canada is to lay deep and true and steadfast the foundations of a just and abiding and enduring peace for Canada. And the last one, and I trust I may not be termed irreverent, would be the application of the golden rule, the preservation in the Dominion of Canada of the eternal principles of Christianity as laid down in the sermon on the mount.

Not only are there the duties of the state to its citizens but there are the duties of the citizen to the state. The liberty of the subject is possible only within the security of the nation. Personal liberties are the treasured nurslings of liberalism. But national security, the security of the nation, against aggression, against sabotage, against treason, these are sacred trusts indeed, and they are in our keeping in this parliament of Canada. It was for these that our gallant youth fought on the seven seas, on distant battlefields, and amid the scudding clouds.

Let us by tolerance, by prudence, by patience, by mutual understanding build, ever higher and wider, our national structure of freedom, the expression of the very soul and spirit of our Canadian people.

Canada has never been behind in asserting her willingness to defend the right as God gave her to see the right. Let us carry on in peace as in war, in the spirit of service to humanity. The stern sense of duty which led Canada into the forefront of the battle for freedom found expression in the development of our own land. The hardy pioneers conquered the wilderness, laid low the forests and brought the plains into fertility. Let us be worthy of these gallant settlers of long ago and their great deeds. Let us recall them in the inspiring words of a great Canadian, John Willison:

> O generous land, O mighty inspiration
> That floods the morning of the world to be;
> Thy people are the builders of a nation
> Lofty, benignant, free.

Mr. McLURE: I rise to a point of order, or probably on a question of privilege. I hate to do so after listening to such a wonderful address this afternoon. But with reference to the government's motion, I have an objection that I have taken on several other occasions on similar motions. After all the talk on freedom, I find that one province, Prince Edward Island, has no representation on the committee. All other provinces are fully represented. I wish my point of order to be brought to the attention of the leader of the government.

Mr. MACKENZIE: Thank you.

Mr. J. G. DIEFENBAKER (Lake Centre): No one could be other than deeply moved by the address to which the house has listened. No one could be other than deeply moved by the oratory displayed by my hon. friend. After all, oratory is the expression of those things that move one's emotions, coupled with the diction which all of us must congratulate the minister on possessing.

Since I cannot hope to emulate him, possibly in some things that I shall say I may perchance bring back the house from the cathedral of devotion to which my hon. friend brought it, to a practical consideration of the freedoms which recent years have shown, while the heritage of our people, have too frequently not been observed in our country.

My right hon. friend has spoken of freedom as something that is not a parchment; that parliament should become the forum for the declaration of the principles of freedom. If I understood him aright, while he asked the nations of the earth to agree, and Canada to take her place with the nations of the earth in the formulation of a great charter of world liberties, he frowned on the necessity of there being a declaration on the part of this parliament of liberties for the people within the dominion.

On a subject such as this I realize that our aim must be as far as possible to refrain from anything that might be considered partisan, and so I shall, but, before I am through, I shall have to point out some instances in this dominion which reveal that the great prin-

ciples of magna carta, the Bill of Rights, the Petition of Rights and habeas corpus have been departed from in our country, have been departed from by the government across the way in such a manner that, while in theory our freedoms remain, in actuality the right of the individual to the assertion of those freedoms in the courts of our land has been denied.

First, sir, I shall deal with the international freedom bill of rights, if I may call it such, and I summarize the necessity for that bill of rights in the words recently used by Mr. Shotwell, president of the Carnegie endowment:

> The effort to safeguard human rights is, in my opinion, the most fundamental of all international movements today, and also the most difficult to achieve. This judgment runs counter to popular opinion because a movement to eliminate oppression is by no means as pressing and immediate as that to eliminate war. But the menace of war cannot be removed from human affairs so long as life and liberty are imperiled by arbitrary power. The purpose of international organization must therefore be something more than a direct attack on war itself, it must reach into the processes of peace to make sure that no subtle poison is being distilled to make the resort to force seem an escape from greater ills. Thus the two central problems of international relations, the guarantee of peace and the provision for human rights, are the realities behind the confusion in international affairs today.

The minister gave us a panorama of the freedoms that we enjoy as Canadians as our heritage by reason of our being within the empire. Freedom is difficult of definition. International freedom is difficult of interpretation. International law, as the years go by, as the Secretary of State for External Affairs (Mr. St. Laurent) will admit, has changed with changing conditions. International law progresses as man's conscience demands it shall progress. International law has made advances. Only the other day I was reading Grotius and Sir Francis Bacon. These two great internationalists took the point of view that war was justified anywhere in the world, provided it was against anyone or any nation professing other than the Christian faith. Freedom of religion was not appreciated. The English nobles at Runnymede endeavoured to enunciate principles of freedom as against the king. They enunciated, too, the first known declaration of religious freedom. For the first time the Jew was entitled—and I shall not read the sections; they are sections 10 and 11—to do business in England. The minister stated that the great principles were not lived up to, and that is true. Within fifty-five years after magna carta, the Jewish race was driven from England.

As I agree that although parliament can make charters, the nation can only achieve what is in those charters if the heart and soul of man demands the achievement of those ideals. I realize that you cannot make mankind good by legislation, but on the other hand, by legislation you can set out the ideals to which you wish men to attain. At the present time we are endeavouring internationally to set out a new set of responsibilities and duties of one nation to another under the rule of law. Declarations regarding freedom do not assure the practice of freedom; unless the right remains for the individual or the nation to have his or its rights established under law, they are but pious declarations.

Internationally we are endeavouring by easy steps, by difficult faltering steps to secure adherence to the rule of law everywhere in the world. The pathway to the future is indicated in the charter of the united nations. The united nations are striving to ensure freedom of worship and of expression, freedom from fear and want throughout the world, these being the minima of man's quest to assure and maintain the dignity of the human personality. There can be no freedom internationally without international order, nor can there be any international order unless there is freedom among the nations internationally.

Those of us who hope for the achievement of the rule of law realize the difficulties facing the united nations today. That idea can never be achieved as long as a wrongdoer among the nations has the right to veto any measures being taken to bring it under the rule of law. How long within our own country would justice prevail if wrongdoers nationally were permitted to decide whether or not for their wrongdoing they would submit themselves to punishment by the courts of the land?

As regards an international bill of rights, there have been approximately one thousand recommendations submitted to the united nations committee. Concrete declarations have been made by Professor Lauterpacht of Cambridge university, by the American Bar Association, and many others. A few years ago there was a declaration in Great Britain by Lord Sankey with regard to a bill of human rights. Lately the text was drafted by the executive committee of the Committee on Human Rights. These have been drafts of rights to assure peace in the world, and no one today argues against this principle that an international bill of rights is necessary if the united nations are to discharge their tremendous task.

Mr. MACKENZIE: May I interrupt my hon. friend. I believe there is one before the House of Lords by Lord Reading.

Mr. DIEFENBAKER: Yes. Lord Reading, son of the Marquis of Reading, finding the constitution in the United Kingdom today such that there have been interferences with the rights of the individual in Britain, has introduced in the House of Lords a bill of rights to cover many invasions of the kind that have taken place here in Canada.

An international bill of rights will deal with the political and economic liberty of men, with human equality, without regard to race, colour or creed. It will deal with social security everywhere in the world, because man today is beginning to realize internationally that war will result so long as the world is divided between those who enjoy a high measure of social security and those who do not.

The united nations is endeavouring to set up rights elementary in their terms, an expression of hope to all parts of the world. I welcome a committee being set up by this parliament for the purpose of having Canadians make their recommendations in order to render effective a bill of rights internationally, to be patterned in the spirit of our time.

Every one of these drafts before me seeks to establish international justice under law, international understanding and, above all, international tolerance, to which my right hon. friend referred so eloquently this afternoon. They seek to embody the principles of the great charters of Britain as well as the bill of rights of the United States. But, as my right hon. friend pointed out, an international bill of rights will not be sufficient to establish and assure rights in our country, having regard to the fact that under our system we believe that politically we have achieved a high degree of democracy. With sixty nations required to agree in order to bring about an international bill of rights, it is obvious that such a bill of rights can never assure the rights that we in our country want to establish for our people.

So far as the resolution is concerned, dealing with an international bill of rights, it has our support. I come then to the second part dealing with the establishment, or consideration for the establishment of a bill of rights for Canada, which reads:

> . . . what steps, if any, would it be advisable to take or to recommend for the purpose of preserving in Canada respect for and observance of human rights and fundamental freedoms.

I was disappointed at the stand taken by my right hon. friend. Instead of allowing the committee to determine its course in this regard—and when he speaks he must speak for the government—he left me with the impression that, as far as he was concerned, he was opposed to the establishment of a bill of rights for our country.

Mr. MACKENZIE: Not necessarily, no.

Mr. DIEFENBAKER: Well, that is the interpretation I placed on his words. Perhaps I might put it this way. My right hon. friend displayed less enthusiasm for a national bill of rights than he did for one internationally. In one breath he said we must have an international bill of rights to determine our rights, and, in the next, that nationally the establishment of a bill of rights or a declaration by parchment would not assure the perpetuation of the freedoms we ask for.

Last year, when he spoke in this house on May 13, as reported at page 1478 of *Hansard*, he left me with the idea that he was going to support a bill of rights. He said:

> May I say to my hon. friend that the place for that—

That is, the bill of rights.

Mr. MACKENZIE: No, the declaration of rights.

Mr. DIEFENBAKER:

> —is not in connection with this bill.

Mr. MACKENZIE: Did I not say "declaration of rights"?

Mr. DIEFENBAKER: No, but I have no doubt that is what my hon. friend meant. Continuing:

> . . . the place for it is in those terms which may be brought to reality in a year or so from now, terms which would contain a joint declaration of this parliament and sent, if necessary, for such comment as might be made upon them to the provinces of Canada. And thereby may I say with the greatest possible respect for my hon. friend, whom I deeply respect, that we shall be worthy of the traditions of this great country of ours, and worthy of the great principles of freedom of the various provinces, and so build a charter worthy of the future of this nation which we all jointly love.

That was the declaration last year, and it is far removed, as I understand it, from the statement made now by my hon. friend.

Mr. MACKENZIE: Oh, no.

Mr. DIEFENBAKER: I am glad to hear that. I realized last year, when I drafted that amendment to the Citizenship Act, that it could not have a place in that act, but I submitted the amendment with a view to securing a discussion on that subject. I achieved the purpose sought, because public opinion across this country is asking parliament to bring in a bill of rights, a charter of Canadian freedoms. Within the last three weeks a petition has been signed by 501,000

people—and it will shortly be presented to this parliament—asking that consideration be given to the assurance of the maintenance of the great freedoms. I realize the difficulties under the British North America Act and the division of powers as between the dominion and the provinces. It was for that reason that I suggested, and now suggest, that, when this committee is set up, representatives from the various provinces be convened here, so that by joint action a comprehensive bill of rights may be evolved either by way of constitutional amendment or by statute.

When this session opened I placed a resolution on the order paper; but private members' days have been, to all intents and purposes, non-existent this session, and the resolution will not come up for discussion. I drafted a bill of rights in order to give a lead in this regard so that a committee would have something upon which to base discussion of the subject, but I did not introduce it because of my desire to secure joint action on the part of all parties in this house. This is not a political or partisan matter. It is one that, in order that success may be achieved, must have the support and cooperation of hon. members in all parts of this house and of the provinces of this dominion. The bill of rights I had drafted would have provided the assurance to Canadians, without regard to race or creed, of the following freedoms:

1. Freedom of religion.
2. Freedom of speech.
3. Freedom of assembly.
4. Freedom from wrongful interference by the state; and by that I mean freedom from unreasonable interference with person, home, reputation, activities and property of the individual.
5. Freedom from arbitrary detention and in particular that habeas corpus shall not be suspended or abrogated except by parliament.
6. The right of everyone to have his case determined without undue delay and assuring everyone required to give evidence before any tribunal or commission the preservation of all constitutional safeguards and, above all, the right of the individual to be represented by counsel.

My right hon. friend the Secretary of State for External Affairs shakes his head. In Great Britain the Marquis of Reading has introduced a bill of rights, and that is one of the things which he demands, without which there cannot be freedom. There would also be provided:

7. The right of equal protection for all against arbitrary discrimination in the provisions and applications of law because of race, religion or any other reason.

Those were the political freedoms that I would have placed in a bill of rights. In addition to those, there would, of course, be social freedoms, if I may call them such, assuring educational, property and social security rights.

My right hon. friend says that the great danger in listing rights is that if you do not list every one of them the court might, in its wisdom, determine that because a certain right had been omitted, therefore that right is non-existent. That was why in the United States bill of rights a saving clause was added —which we would have to have added to any bill of rights established in this country—as follows:

The enumeration of certain rights shall not be construed to deny or disparage others retained by the people.

My right hon. friend says we have these rights without a bill of rights. He traced the great charters of freedom. He referred to the Quebec Act and the Constitutional Act. He told of the great crusade by William Lyon Mackenzie and Louis Papineau in 1837 for constitutional government. He omitted the Act of Union in 1841. He referred, of course, to the British North America Act. It is interesting to read what happened when the Quebec Act was introduced in the House of Lords by Lord Mansfield in 1775. It was opposed in the House of Lords by many because of the fact that it would deny the right of habeas corpus and would permit *lettres de cachet* to be carried over into this new country, and would deny trial by jury. That was the reason for the opposition, and it is interesting as one looks ahead from 1775 to 1945 to the temporary establishment in our country of a procedure akin to *lettres de cachet*. It was a prediction and a fear expressed in 1775 which finally had its culmination in 1945. My right hon. friend said, "What could a bill of rights do? Have we not our rights?" Yes, we have our political rights curtailing the authority of the crown. My right hon. friend said words to this effect "What did magna carta do? Was it not departed from? It was, when the king became supreme over the courts of the land. It was departed from in the days of the star chamber when men were tried behind closed doors. The star chamber was effective. It got better results than the espionage commission in 1945. There were not so many acquittals in the star chamber as there were in the courts of this country after the espionage commission had met.

What would a bill of rights do? It would assert the right of the individual to go into the courts of this country, thereby assuring the preservation of his freedoms. These great

traditional rights are merely pious ejaculations unless the individual has the right to assert them in the courts of law.

A bill of rights would be a contract between the individuals of Canada and the government of Canada. It would assert the right of the individual; it would assert the right of a minority to be protected in the exercise of its rights, against the majority. It would, above all, assure that each of us would have a legal right to be heard in the courts of this country.

We have political rights; what about the individual rights? After all, denying the individual his rights denies freedom. Our British heritage gave us our national freedoms. Our individual freedoms are maintainable only at the caprice of the government of the day. If we acknowledge the right of a government to declare the non-existence of these freedoms, while at the same time the great charters proclaim their existence, we deny those freedoms unless we permit the aggrieved individual recourse to the courts.

The difference between democratic government and authoritarian government is this, that, while democracy gives rights of the individual against the state, authoritarianism annihilates the rights of the individual. Democracy enthrones the sacredness of human dignity, while authoritarianism enthrones the power of the state.

A bill of rights must declare for this country a government of laws, not of men. And only under a government of laws can there be a full development of the human personality.

The history of our times shows that civil liberties have been seriously curtailed within the last generation. The fathers of confederation had no fear in 1867 that these rights would ever be curtailed. That is why they did not incorporate them in the British North America Act. If one reads the discussions which took place at Charlottetown and Quebec, this fact emerges, namely the acceptance on the part of the fathers of confederation of the certainty of the preservation of their individual liberties, without the necessity for their declaration.

All governments are responsible for the diminution of the freedoms. New conditions have developed. The assumption of new functions on the part of the state demands, if I may use my right hon. friend's expression, new landmarks to define the boundaries of liberty, and to restate the traditional rights of democracy. Laws and institutions must change with natural evolution. Our constitutional concepts alter.

There are some who are afraid of change, because they look on the past with unelastic reverence. I was interested the other day to hear the hon. member for Kindersley (Mr. Jaenicke) introduce a motion to do away with appeals to the privy council, one of our landmarks. A few days later, the premier of Saskatchewan announced that he was not satisfied with a decision by the Supreme Court of Canada, so that, in the endeavour to secure justice for the province of Saskatchewan, an appeal to the privy council was to be launched.

Mr. COLDWELL: So long as the right is there, why not take it, if you have a chance of winning?

Mr. DIEFENBAKER: I will not argue that. But in addition to the right, there must also have been a hope that there would be a change, because surely no province would expend the fees necessary to go to the privy council unless it hoped that the Supreme Court of Canada would be declared wrong in the decision it had made.

Mr. COLDWELL: Hope springs eternal in the human breast.

Mr. DIEFENBAKER: And the hope is there only when there are those who believe that wrong has been done, and that a higher court will reverse the wrong.

My right hon. friend dealt with the battles for freedom fought by his highland ancestors, and in doing so resorted to all the eloquence that tradition could impart to his words. But he said nothing about the necessity of fighting for freedom today.

Freedom today must be fought for, as it was in the past. Freedom is indivisible; there cannot be fractional freedom in our country. When the state is supreme over the individual, then every person must be prepared to act on instructions from the state. Then personal freedom ends. History shows that if the state plans and provides for the individual, the state must have an unchallengeable right to direct the individual as to where he must go and what he must do. And when that is done, freedom ends.

My right hon. friend said that a portion of the Declaration of Independence was not in accordance with fact in that the doctrine that men are born free is a fallacy. Men are born to be free; they are not born free. Freedom does not mean the altering of regulations. It implies rules; it implies regulations.

My right hon. friend dealt with the various acts in Great Britain. As I have already pointed out, those acts and those charters did not establish the rights of the individual. They restricted the sovereign power of the state. He quoted Alexander Hamilton. It is most interesting to read the debate which took

place at that time between Alexander Hamilton on one side and Thomas Jefferson on the other, when the United States bill of rights was being established.

Alexander Hamilton took the view that I thought my right hon. friend took. He used these words:

> I go further and affirm that bills of rights in the sense and to the extent in which they are contended for are not only unnecessary in the proposed constitution, but would even be dangerous. They would contain various exceptions to powers not granted, and on this very account would afford a colourable pretext to claim more than were granted. For why declare that things shall not be done which there is no power to do? Why, for instance—

Said Hamilton,

> —should it be said that the liberty of the press shall not be restrained when no power is given by which restrictions may be imposed?

I thought the tenor of those remarks found expression in the address of my right hon. friend.

On the other hand, Thomas Jefferson, realizing that a federal union was being set up and that the rights of the individual had not been assured under the British charters of freedom, used these words:

> A bill of rights is what the people are entitled to against every government on earth, general or particular; and what no just government should refuse or rest on inference.

Answering what my right hon. friend said, that there is no need for a bill of rights as our freedoms are established, I would quote with approval Mr. Bernard K. Sandwell, as follows:

> The famous declarations of liberty in England, the Magna Carta and the bill of rights, have no binding effect upon the British parliament or upon the dominion parliaments upon which its powers have devolved in the respective dominions. Canadians learned with something of a shock a short time ago that their parliament, according to an express decision of the privy council, has power to send into exile and to strip of their property any Canadian citizen whom it elects so to treat; it can probably do so only by declaring an emergency to exist, but it can make its own emergency and the exile does not have to be connected with the emergency nor does it terminate when the emergency is over.

I am not going to deal with the emergency doctrine today, because the Minister of Justice (Mr. Ilsley) is not in his place at the moment. Mr. Sandwell sets out the fact that all government has to do today is to have a majority in parliament in order to declare an emergency, and the individual freedoms that are interfered with in consequence may then be denied. Whatever an international bill of rights may do for Canada as far as I can see it cannot detract from the necessity of one for our own country. We have taken our liberties for granted as Mr. Sandwell says in that article; but events of recent years have shown that they can be lost by apathy. The answer through the years by those in authority to those who would uphold freedom is to the effect that, "I have heard those same arguments before." Charles I directed those very words to John Hampden in 1628.

Mr. MACKENZIE: He lost his head.

Mr. DIEFENBAKER: That was 300 years ago; yet the right hon. Secretary of State for External Affairs resurrected them in this house some two weeks ago in answer to a speech I had made regarding freedom. You may ask me, "Where have our rights been interfered with?" I am going to mention a few instances. What about freedom of religion? We find interference with that right under the guise of its being a provincial right. Those whose rights are interfered with, if freedom of religion be one of our charter rights, should have the right to appeal to the Supreme Court of Canada to have their rights preserved and their freedoms maintained. They have not that right. I am going to ask the Minister of Justice to bring in an amendment to the Supreme Court Act to provide that when anyone has his freedom interfered with, by leave of the supreme court when he has shown to a judge of that court that there has been such interference, there shall be the right of that individual to appeal to that court. After all, if our freedoms mean anything they mean the right and the heritage of every Canadian. They are not circumscribed by territorial or other considerations.

There has been the interference with the right of freedom of the press. There was interference with the press where the press was directed what it should publish and when it should publish. When my right hon. friend says that jurisdiction to restrict the freedoms rests with the provinces I ask him to read the judgment of the supreme court in 1938 in connection with the submission regarding the Alberta press law.

Have we our freedoms when the state by order can provide for the deportation of Canadians whose only offence is their colour? Have we freedom on the part of the individual when in these days the crown's power increases and crown officials have clothed themselves with impugnity from challenge by the courts. How many of our officials may interfere with the individual's economic freedom without there being any right on the part of that

individual to appeal to the courts because discretion has been exercised by that official? Does that not deny those principles of Magna Carta quoted by my right hon. friend:

To no man will we deny, to no man will we delay, to no man will we sell justice or right.

If we are to maintain freedom on the part of the individual I submit that we must grant to the individual in this country the right to appeal against the jeopardy of his rights which follows closed hearings by boards and officials. British constitutional safeguards were designed to limit the absolute power of the monarch, but they do not protect the personal liberties of the individual when challenged by the state.

A bill of rights today would be a declaration delineating the field of liberty that must be reserved to the individual against continuing invasion on the part of the state. One of the first principles of freedom is that a man shall not be a judge in his own case. How many times has that been departed from within recent years when under order in council, yes, under statute as well, recourse to the courts is denied against the caprice of an order of an administrative official? We have to bring our freedoms up to date when we live in a period where the government is going into business on an ever-increasing scale, and yet the archaic proposition remains that the individual shall have no right to proceed against the state except with the consent of the state, thereby denying the principle stated by Sir Frederick Pollock that Magna Carta established that "the king is and shall be below the law".

One of my hon. friends to my right has mentioned that there is a bill of rights in Saskatchewan. Yes, but the state bill remains supreme and is above the law courts of the country under that bill of rights in so far as the right of the individual is concerned to proceed for the invasion and infringement of his rights by the state. During the war and since, parliament went on a legislative vacation, and executive order in council is taking the place of what my right hon. friend described as a free and unfettered parliament, to such an extent that only the day before yesterday the Minister of Finance (Mr. Abbott) quite frankly admitted that he was unaware of an order in council which determines the rights of Canadians to the extent of millions of dollars, although it had been passed on the 17th of April last. Many orders in council still deny to the individual the right of recourse to the courts. Power in a state or in a state official without accountability to the courts permits of unequal laws being applied, and consequent injustice. Parliament has placed the power in the hands of the Minister of National Revenue (Mr. McCann) to determine as between individuals who shall be subject to the law and who shall not. In some statutes we have denied the principle that the rule of law must apply equally to all in our country.

You might ask, is freedom of speech interfered with or freedom of the radio? I am not going to deal with that matter this afternoon except to say this, that those freedoms are in danger when you have a public radio system and private radio stations, often operating in competition with one another, and when the right to determine disputes between them rests with the Canadian Broadcasting Corporation, which is both judge and litigant. It judges its own case. That is an example of the denial of private rights and a danger potentially to freedom of speech in our country.

Mr. JACKMAN: It can make its own laws.

Mr. DIEFENBAKER: And what about freedom of the press? I realize the circumstances under which the section went into the broadcasting act giving the Canadian Broadcasting Corporation the right to publish newspapers or periodicals. The statute was passed before we entered a period in our history when we were about to have a facsimile newspaper issued as a result of a broadcast over a frequency modulation network many hundreds of miles away.

Mr. HACKETT: The weeklies were suppressed for a whole fortnight in England a short time ago.

Mr. DIEFENBAKER: Yes. We have established in this country an ever-widening system of government information agencies, ever expanding in their output rather than receding, and however unintentionally those in authority would have it, the power rests there of controlling or moulding, by government propaganda, the thought and the thinking of individuals in our country. What about freedom of speech? A case where freedom of speech was interfered with during the war comes to mind, and the government had to recede from the position it took. That was in the prosecution of George Drew when he spoke, and spoke truly, in regard to Hong Kong. I remember, too, on June 22, 1943, after Miss Agnes MacPhail, a former member of this house, had spoken against the judiciary, the present Secretary of State for External Affairs made this statement in the house:

I shall direct the attention of the censors to this dispatch, and see if arrangements cannot be made that publicity will not in future be available for matters of this kind.

That was during the period of the war when rights were interfered with in the interests of the safety of the state, but to criticize the judiciary could, by no standard that I know of, interfere with or disrupt our nation.

I come down to 1945. The emergency powers bill was introduced in November, 1945, when an all-powerful executive was reaching out for still greater powers and asked to give to the executive the power by order in council to deport Canadians without trial and to revoke their nationality without appeal. Parliament opposed that, but it is indicative of a trend that is taking place when the power of the state continues to expand without accountability to the courts.

I come down to a more recent example, and that is in connection with the espionage commission set up under order in council passed on October 6, 1945. No one today would say that there was not in that order in council a cavalier disregard of great and basic constitutional liberties, of those liberties which my right hon. friend says are guaranteed to all our people under the charter of British peoples. Under that order in council habeas corpus was swept aside by the simple subterfuge of averring that each man held thereunder was presumed to have been in lawful custody.

Mr. GAUTHIER (Portneuf): But they were spies.

Mr. DIEFENBAKER: Of the fifteen who were held eight have been acquitted by the courts of this land.

Mr. GAUTHIER (Portneuf): Seven were spies.

Mr. DIEFENBAKER: Does my hon. friend believe that we should have one law for the good and a different law for the bad? That order in council was a denial of those basic principles which we cherish. Liberty under law was denied and coercion and interrogation resorted to in order to translate suspicion into proof. The individual was denied the right to counsel. The Secretary of State for External Affairs indicated that that was not very serious. Let me point out that every one of these international bills of rights which are to be in effect in British countries, in the United States, in Russia, in France and in China, declares in favour of the right of an individual to be represented by counsel and to be protected in his person from arbitrary interference or arbitrary detention and arrest, and above all, they prevent the denial of the right of the individual to test the legality of his detention. Fifteen were declared to be guilty by the royal commission and subsequent events proved that the commission was about sixty per cent wrong. That royal commission impaired or tends to impair respect for the judiciary. By the publication of the report it did irreparable harm to those whose names were mentioned before the trials, in that it said they were guilty before they were tried. It is doing irreparable harm today to individuals who have been found not guilty, and the government has seen fit to add an addendum to the report in these words, words that smack of persecution. These are the words:

> It must not be assumed that in any case the evidence before the commission and that adduced at the criminal proceedings were the same.

I abhor communism and all its works, but the added words signify an attitude that no government should display. They indicate a spirit of resentment because the courts of the country saw fit not to follow the declaration of a royal commission.

Canadians have the right not to be deprived of life, liberty or property without process of law. Should they not also have the right not to be deprived of reputations by an executive that is exasperated by the results in the courts? That addendum by the government condones the lawless enforcement of the law.

I am not going to deal any further with the matter at this time. Is there any outstanding constitutional writer who has approved what was done? The other day the Secretary of State for External Affairs called as his witness Professor Lower as an answer to me when I deprecated the possession of tremendous powers by the executive. He said, "What did Professor Lower say?" He quoted from the look, "From Colony to Nation", but Professor Lower wrote another article after the completion of the book, and I have that article here. It was published in the "Fortnightly Law Journal" on March 1, 1947. I am not going to call as a witness anyone who has not been accepted as a witness by the government, but Professor Lower who has. I am reading from page 2:

> Certainly government will now have a hard time convincing people that the safety of the state was endangered by the actions of a few misguided spies.

Listen to these words coming from an authority which the Secretary of State for External Affairs produced as a witness to demolish me a few days ago:

> The conduct of government, from Prime Minister to royal commission, over the espionage case, bore every appearance of hysteria, when it did not bear the appearance, as unfortunately in certain quarters it did, of sheer persecution.

A little later on he asks:

> Do we need a bill of rights in Canada?

He says:

It would seem obvious that the arbitrary experiences of the past few years have shaken our historical position of freedom, and yet the head of the government which has been in power during this period not long ago, could make a ringing declaration (over the air) in favour of liberty just as if the whole structure were as unharmed as in the days of his youth.

It is not unfair to characterize this as unawareness of the social process.

A little later on, he says:

The simple truth seems to be that there are always men in places of authority who prefer short-cuts, who are timorous and therefore avail themselves of power, who are impatient of parliamentary methods, who wish "to get things done" or who, by reason of something within themselves, some instinct for power, some egotism, actually desire to bring in authoritarian methods.

I could continue. He becomes even stronger as he proceeds. Finally, he ends up in support of the necessity of a bill of rights. He says:

The modern state has behind it a power not possessed by the Stuarts; a state police of whose conduct the ordinary citizen is unaware, just as he is unaware of the ideas which govern those who are in control of it. Such men may be in every respect estimable. They may be liberty-loving citizens. Or they may be obsessed with desire for power. They may, as police, feel the necessity for results overruling the stumbling methods of freedom. Whatever they may be, the citizen does not know their nature or their methods. All he can be sure of is that power "grows with that it feeds on."

Then he continues in effect to say that unless something is done in this connection to establish a bill of rights for Canada the state will continue to expand to the detriment of the rights and the freedoms of the individual irrespective of the terms of the charters.

I have a few suggestions to make. The first one is that this committee should consider the advisability of the repeal of the War Measures Act which has been on the statute books since 1914. In between the first and the second wars, on several occasions in the House of Commons a declaration was made that it was no longer in effect. That act, standing as it does, constitutes an invitation to any government in the future under the emergency theory to declare an emergency to the detriment of the rights of our people.

Mr. RINFRET: Who passed it?

Mr. DIEFENBAKER: It was passed by the Sir Robert Borden government in 1914.

An hon. MEMBER: Shame.

Mr. MACKENZIE: A very necessary act, too.

Mr. DIEFENBAKER: My right hon. friend says it was a very necessary act. It was necessary in the period of the war; but in the days of peace, with the challenge that the state is making to the rights of the individual, Professor Lower supports the stand that I take, namely, that the act should be repealed.

My second suggestion is that the Official Secrets Act be considered by the committee in order to remove some of the present presumptions of guilt which deny an innocent person his full rights of defence. I suggest that the Public Inquiries Act, which was made such use of by the espionage commission, should be revamped, to the end that no longer shall the power rest in the hands of the state to bring an individual before a commission meeting behind closed doors, to hold him there and interrogate him with a view to self-incrimination, while denying him his rights. Even after the Public Inquiries Act was used by the commission, does it not strike hon. members as interesting and strange that most of those convicted at their trials were men who were not locked up at all but were men against whom proceedings were taken regularly according to law? Among those was a former member of this house and two or three others. Proceedings against them were in no way submitted to investigation or interrogation by this commission; yet in their cases convictions were obtained; whereas, when British principles were departed from, in many cases convictions were not obtained.

In the interests of our judiciary the time has come for parliament to make a declaration—I think it is about to be made in Britain—that a royal commission dealing with matters in any way of a political nature should not have seated thereon judges of our high courts of justice.

I have dealt with the Supreme Court Act, chapter 35, 1927. I am not going over the authorities, but they are to the effect that an individual who claims his freedoms have been denied has no inherent right of appeal to the court, because no matter of monetary value is in issue. The act should be brought up to date and an alteration should be made in that regard to the end that such anomaly should be removed.

I was going to deal with one other matter but I will not. It is the question of the constitutionality of a bill of rights. I refer hon. members to the judgment to which I have already made reference, namely, a judgment of the Supreme Court of Canada in 1938 dealing with the Alberta Press Act. It decides, as I understand the judgment of Mr. Justice Cannon, that every freedom is guaranteed to every Canadian and that when the British North America Act was passed it was never intended that any provincial authority should be

allowed to derogate from those freedoms which are the inherent right and heritage of every Canadian and British subject.

As far as the resolution is concerned, I support it. It holds forth the hope that we shall be able to mobilize opinion, to educate ourselves in the preservation of freedom, and to assure that posterity shall have handed down to it the rights that are ours. Some may say, "What interest have I in this matter?" Well, sir, apathy and complacency menace human liberty no less than the positive actions of those who would destroy it. Free men can destroy their rights by indifference; they can forge their own chains by apathy.

Five hundred years before Christ, Heraclitus of Ephesus set forth a principle which is as old as antiquity and as new as modernity. These are his words:

> The major problem of human society is to combine that degree of liberty without which law is tyranny with that degree of law without which liberty becomes licence.

Freedom is not destroyed intentionally in many cases. It dies from misuse; its sphere is extended by proper use. It cannot be static. It is not the same today and tomorrow in a changing world, with the state ever advancing upon the rights of individuals. The principles of law that were applicable in justice fifty years ago are interpreted differently today. But the great abiding principles must be preserved. The right of the individual in his search of civil liberties is imperative.

What are civil liberties? The most sacred things of the human personality. They epitomize our belief in the dignity of the human being; they translate that dignity into rights which the individual can enjoy against the state or against other all-powerful individuals within the state. Civil liberties constitute the individual a sacred being. Civil liberties make him a sovereign in his dealings with the state, provided that he remains within the law.

There can be no civil liberties under laws that permit discrimination; there can be civil liberty only when there is, to use the words of Mr. Justice Oliver Wendell Holmes, "free trade in ideas," the right of the individual to hold the view that I disagree with, so long as that individual keeps within the law and does not wish to undermine my beliefs by force.

Individual civil liberties, those that we have inherited today, guard the weak against the strong. What is needed are civil liberties by declaration of parliament which will guard the individual against the state. It might be argued that another government, another parliament, can revoke a bill of rights passed by parliament. True; but has not history shown that when laws are put upon the statute books, having the support of a vast majority of the people, they stay there?

A declaration of a bill of rights in this country would be a positive declaration on the part of men and women of all political faiths in their belief in civil liberties. Whether the federal authority has the power or not to pass legislation respecting civil liberties, its passage would strengthen the hand of the Minister of Justice in the matter of the disallowance of any statute which would deny freedom anywhere in our country.

To be effective, a bill of rights must represent, as my right hon. friend said today, the philosophy of the human being, and of a free people. It must deny the right of any government to interfere with my right to speak within the law; my right to serve my Maker as my conscience demands; my right to be free from the threats of a police state, whether consciously or unconsciously administered; my right to live my own life within the limits of the law, without regard to race or colour or creed; my right to belong to an unpopular minority anywhere in this country; my right to have recourse to the courts to guard me against the intrusions or the invasions of the state.

These are the rights, sir, which I hope—and I speak with feeling on the subject—this parliament and this committee will see its way clear to enunciate, to assure that every person, wherever he lives in this dominion, shall be allowed, if his rights are interfered with, to appeal to that supreme body, the Supreme Court of Canada, in order that equality of rights shall be attainable everywhere in this dominion.

I want to see a bill of rights declare the principles of liberty for all racial origins who come here and have come here because of their passion for liberty and their belief in tolerance. My right hon. friend mentioned that my mother's grandparents came to Red river with the Selkirk settlers. They came for the same reason that those who came later did so, because of intolerance and the denial of the right of the individual to have recourse to the courts of Scotland. They came to this country, as thousands since have come, because they believed that here they would find justice, righteousness and tolerance without regard to race and creed. Tolerance does not mean that I look across at my hon. friends on the other side and permit them to live and to have their view. It means that I welcome their viewpoint, even though that viewpoint is different from my own. Though we may speak different languages, all of us have the same heartfelt concept of

liberty. With the trend that is taking place, having regard to the unanimity there is in this country, surely we in this parliament will join together without regard to any other consideration in a great crusade to assure, not only freedom today to every individual under the law, but freedom to those who will come after us.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVILEGE

MR. KNOWLES—GRADUATION OF TWO VETERANS FROM UNIVERSITY OF MANITOBA WITH GOLD MEDALS

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, on a point of privilege I wonder if I might bring a matter to the attention of the Minister of Veterans Affairs (Mr. Mackenzie). Has his attention been called to the fact that two veterans, Harry Crowe and John Crowe, Winnipeg, brothers who served overseas and whose schooling was thereby interrupted, graduated this afternoon from the university of Manitoba, both of them receiving gold medals? Would the minister join with me in congratulating these two men on their record-breaking achievement?

Right Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): Mr. Speaker, I am only too proud, not only personally, but on behalf of the government, to identify ourselves with congratulations extended to these brilliant brothers. Perhaps with a certain amount of pardonable pride I might be permitted to refer to some of the courses which our department is carrying out. It is certainly with the greatest of pleasure that I identify the entire government, and indeed the house with the congratulations extended to these two brothers.

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, may I add a word on behalf of the official opposition? It is a splendid thing to know that these young veterans have done so well. As a matter of fact, it has been a great inspiration to see the wonderful work done by all the veterans attending our universities. They have set a very high standard indeed.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I should like to add my word, too. Surely this speaks well for our old alma mater of Manitoba. It shows that it gives a thorough training, and supplies the boys capable of taking it.

PRIVATE BILLS

SECOND READINGS

Bill No. 156, for the relief of Mary Winifred Joyce Dick Dunford.—Mr. Maybank.

Bill No. 157, for the relief of Eileen Ardis Locke Thompson.—Mr. Maybank.

Bill No. 158, for the relief of Margaret Hamilton Wilson Bergeron.—Mr. Maybank.

Bill No. 159, for the relief of Norma Marzitelli Rudzik.—Mr. Maybank.

Bill No. 160, for the relief of Eileen Millar De Levi.—Mr. Maybank.

Bill No. 161, for the relief of Hilda Constance Caroline Mosley Dwyer.—Mr. Maybank.

Bill No. 162, for the relief of Louis Marcel Frigon.—Mr. Maybank.

Bill No. 163, for the relief of Florence Nancy Maria Haworth Stewart.—Mr. Maybank.

Bill No. 164, for the relief of John Bernth Jones, otherwise known as John Berth Jones.—Mr. Maybank.

Bill No. 165, for the relief of Patricia Violet Puttock Bromby.—Mr. Maybank.

Bill No. 166, for the relief of Dorothy Hawkins Myers.—Mr. Maybank.

Bill No. 167, for the relief of Evelyn Deltoff Moore.—Mr. Maybank.

Bill No. 168, for the relief of Evelyn Hache Groulx.—Mr. Maybank.

Bill No. 169, for the relief of Annie Lucy Hurteau.—Mr. Boucher.

Bill No. 170, for the relief of Evelyn Alice Lancaster Chenoweth.—Mr. Maybank.

Bill No. 155, for the relief of Marjorie Winnifred Bearman Smeall.

Bill No. 182, for the relief of Robert Lussier.—Mr. Maybank.

Bill No. 183, for the relief of Robert Rosaire Loiselle.—Mr. Maybank.

Bill No. 184, for the relief of Marjorie Evelyn MacPherson Puley.—Mr. Maybank.

Bill No. 185, for the relief of Sarah Rafferty Jackson.—Mr. Maybank.

Bill No. 186, for the relief of Ida Berman Zatz.—Mr. Maybank.

Bill No. 187, for the relief of Patricia Ellen Burt Williams.—Mr. Maybank.

Bill No. 188, for the relief of Charles Alfred Michel Kelly.—Mr. Maybank.

Bill No. 189, for the relief of Pearl Summers Slater.—Mr. Maybank.

Bill No. 190, an act for the relief of Aime Jacques.—Mr. Maybank.

Bill No. 191, for the relief of Grace Evelyn Smith Copeland.—Mr. Maybank.

Bill No. 192, for the relief of Jessie Gertrude Noel Magee.—Mr. Maybank.

Bill No. 193, for the relief of John Luchuck —Mr. Maybank.

Bill No. 194, for the relief of Rhondda Blanche Peace Hurford Smith.—Mr. Maybank.

Bill No. 195, for the relief of Mabel Grace Mattinson.—Mr. Maybank.

Bill No. 196, for the relief of Marcel Simpson.—Mr. Maybank.

Bill No. 197, for the relief of Marian Susan Willson Roberts.—Mr. Maybank.

Bill No. 198, for the relief of Jean Gainfort Grossman.—Mr. Maybank.

Bill No. 199, for the relief of Evelyn Mildred Cook Stone.—Mr. Maybank.

Bill No. 200, for the relief of Lily Elizabeth Harris Cunningham.—Mr. Maybank.

Bill No. 201, for the relief of Mildred Merica Ruth Goodreau Snyder.—Mr. Maybank.

Bill No. 202, for the relief of Harry Powell. —Mr. Maybank.

Bill No. 203, an act for the relief of Margaret Patricia Fairhurst Richards.—Mr. Maybank.

TORONTO TYPE FOUNDRY COMPANY LIMITED

The house resumed from Tuesday, May 13, consideration of the motion of Mr. Sinclair (Ontario) for the second reading of Bill No. 178, respecting certain patents owned by Toronto Type Foundry Company Limited, and the proposed amendment thereto of Mr. Jaenicke.

Mr. SPEAKER: Is the house ready for the question?

Some hon. MEMBERS: Question.

Mr. SPEAKER: The question is on the amendment.

Amendment agreed to.

HUMAN RIGHTS

FUNDAMENTAL FREEDOMS — OBLIGATIONS UNDER UNITED NATIONS CHARTER — APPOINTMENT OF JOINT COMMITTEE

The house resumed consideration of the motion of Mr. Mackenzie (for the Prime Minister) that the house go into committee on a resolution for the appointment of a joint committee of both houses of parliament to consider the question of human rights and fundamental freedoms.

[Mr. McIvor.]

Mr. ALISTAIR STEWART (Winnipeg North): Mr. Speaker, we in the C.C.F. give our complete approval, of course, to this resolution that a joint committee of both houses be appointed to consider the question of human rights and fundamental freedoms.

Never in all recorded history have the rights of man faced so ruthless a challenge as has been the case in the last ten or fifteen years. This challenge has been met. We survived the onslaught of enemies who were intent upon destroying freedom in the four corners of the world.

The cost of survival has been heavy. When history comes to be written it will be seen that part of the cost of survival is a world struggling in the birth pangs of a new social and new economic order; change is in the nature of things and change is in the air today.

On every continent exploited and subjugated peoples are struggling for their freedom. They are among those who fought in the last war, partly with the negative desire to defeat fascism, and partly for something more positive. I should like to think of that positive aim in the words of the declaration the Minister of Veterans Affairs (Mr. Mackenzie) gave to us this afternoon, that declaration issued by the parliament of Scotland in 1320. I repeat it here:

> It is not for glory, riches, or honour, that we fight, but for that liberty which no good man will consent to lose but with his life.

Six hundred years ago they fought in Scotland against the foreign oppressor. They fought for the right to nationhood, and today there is still that same desire in the world for the right to national self-determination.

Throughout the generations and centuries the conception of freedom has broadened out, and each generation must view it in the light of circumstances of the day. Freedom involves new problems as the years go by. Once again the time has come for us in Canada to re-examine what we mean by human rights and fundamental freedoms.

This last war was fought on the part of tens of thousands, not only to guard these essential freedoms of speech, of conscience and of the person, but for something more. The Prime Minister (Mr. Mackenzie King) said in the early days of the war that, unless a new order was well on its way before the end of the war, the world might look for it in vain. Those who fought the war looked for that new order. They fought perhaps with a sense of burning idealism wich was imbued in them as the result of the concept that this was the century of the common man, a concept which, as President Roosevelt said in 1944, realized that true freedom has no meaning unless man

has independence and economic security. That is what we fought the war for. Mankind is now looking to the future with hopeful, if fearful eyes.

We realize that there are two paths ahead, either one of which we as free agents may choose to follow as we will. One path leads to heights of splendour yet undreamed of; the other to the darkness of hatred and strife. One leads to a realm where the human spirit will rise triumphant over the bigotries and persecutions of our age, where racial discrimination and intolerance of another's religious beliefs will be regarded as crimes against all mankind; where freedom of speech will be the inalienable right of every citizen; where men will no longer exploit their fellowmen for private gain; where every man will be master of his soul. That is one path we can choose.

The other path can lead only to that spiritual desolation to which our enemies would have consigned us. After the last war, Field Marshal Smuts told us that mankind was on the march. Perhaps we did not go far, but after this last holocaust humanity is once more striking its tents and is again on the march, this time in a much more decisive fashion. The yeast of liberty and of freedom is at work throughout the world. In Europe they are winning the battle which is being fought against industrial and agrarian feudalism. China is throwing off the chains of western bondage. India will, within a year I hope, have assumed that nationhood which is her due. Colonial peoples everywhere are demanding emancipation, while coloured peoples are demanding equality of treatment with the white peoples. The world is being rebuilt and we shall be false to our traditions if we do not play our part in ensuring that it will be built on the basis of the most enduring values—human freedom and respect for human dignity.

What of us in Canada? We are faced with the situation of an increasing complexity in our social and economic life which is compelling the state to interfere in fields which are new. When the state interferes in such a way there is always the grave risk of the infringement of the rights of individuals. While the state may so infringe upon the rights of the person there is also the danger, which some of us have found out to our cost, of equal infringement by the owners and managers of great aggregations of wealth. These are two reasons then why there is a growing demand for some amendment to our constitution which will safeguard our essential freedoms.

We are inclined to forget that our democracy was not attained by wishing it, nor can it be maintained by willing it. Democracy implies a constant struggle against irresponsible power, an hourly and daily struggle and one, if it is to be successful, that demands constant inspiration. New hopes and new enthusiasms have to be aroused. We can create those new hopes; we can create those new enthusiasms if we give to the people of Canada a charter of rights. Here is our opportunity to tell our people in Canada what our objective is as a nation, to declare without equivocation what are our rights.

Important as it may be to do that, it is even more important to protect those rights. The American settlers after the declaration of independence found that the common law of England which they had inherited was not sufficient to safeguard the individual, and Jefferson said in 1787:

> A bill of rights is what the people are entitled to against every government on earth, general or particular, and what no just government should refuse or rest in inference.

What was true then is true now, and no government of Canada can refuse a bill of rights to its citizens, one which will at once protect and inspire. We need that protection. We fought this war for democracy and the democracy which we have is developing cracks. We have permitted flagrant injustice to continue. We have violated and are violating the fundamental rights of the citizens of this country. This house has debated—and I do not intend to reopen the debate—the question of citizens of Japanese descent and the question of Chinese residents in Canada. I am not going to say much about that, but I could not help but notice the affection which the Minister of Veterans Affairs had this afternoon for the golden rule. As he knows, the golden rule is that we should do unto others as we wish to be done by. I wonder what the Minister of Veterans Affairs would do if the parliament of Canada were to strip him of his citizenship? I wonder what he would then think of the golden rule which he played up so much today? When I saw that it was the Minister of Veterans Affairs who was introducing this resolution I felt that perhaps human rights were in a bad way when we considered who the midwife was. Let me say that I think the legislation we have passed in this house against these people is a shame to a democratic parliament. I say also that we in the C.C.F. will never stop in our opposition to discrimination against any individual because of his race or because of his creed. We shall never stop that fight.

We see dangers to our civil liberties in various parts of Canada today. In Manitoba an attempt is being made to take away cer-

tain rights from a group known as Hutterites. In Ontario there was passed at the recent session of the legislature an act known as the police act, which is a direct threat against the democratic right of every citizen. In Quebec we have seen a religious minority persecuted to some extent because of its views. How can we blame the provinces for violating civil rights when the federal government of Canada has given them the lead? I do not hold them any more responsible than I do the present government. We realize the danger in idly standing by while a minority is oppressed. It has been said in the house frequently and it must be said again that, where a minority in Canada is oppressed, then every minority in Canada is in some danger.

There is in Quebec a sect known as Jehovah's Witnesses. According to the 1941 census, they had 136 members out of a total population in the province of some 3,331,882 persons. Many of those witnesses are today being accused of seditious libel and of being a nuisance. They are a small sect. In all probability, compared with other denominations they are poor. With great certainty I say they have no friends in high places. Some of these witnesses circulated a pamphlet called "Quebec's Burning Hate". Because they did so many were arrested and appeared before the magistrate and, as was their constitutional right, were allowed out on bail. There was a Canadian resident in Montreal, one Roncarelli by name, sympathetic, I assume, to the witnesses, who took up the bail which was authorized by the court; but when he did so he was penalized by the executive of the province for doing so, penalized to such an extent that his living was perhaps placed in jeopardy. Here is a an example of interference by the executive with the judiciary, and it is dangerous. I think most of us in this house will disagree with much of what the Witnesses of Jehovah said; we will deplore perhaps the way they say it; and yet I maintain as a democratic citizen that they are entitled to freedom to say it so long as they do not violate the laws of the land.

We in the C.C.F. hold no brief for those who attack the religious faith of another. We have no brief for abuses of freedom. But I recall to your attention, Mr. Speaker, what Benjamin Franklin said, that abuses of freedom of speech perhaps ought to be stopped, but to whom dare we give the power to do so? That is the recurring problem we shall always find in democracy. These abuses which we dislike so much must be stopped, but to whom do we dare give power to stop them?

It may be argued that the witnesses were intemperate in language. That I do not know, but I think it is a fair comment to say that those who opposed them were equally intemperate. I quote from *Le Temps* of Quebec:

> The Witnesses of Jehovah are impostors, scabby sheep, malefactors who must be destroyed before they can corrupt certain of our own people.

I believe that the editor of that paper has forgotten that great responsibilities go along with the great privileges of democracy, and one of the responsibilities is this:—Freedom must be given to those whom we believe to be in error and whose views we abhor, so long as they remain within the laws of the land. We say that in Canada we have freedom of religion. Freedom of religion means that the individual has the right within the law to try to persuade others to come to his way of thinking. Freedom of religion implies the right to proselytize. That freedom has been denied by the provincial authorities of Quebec, and to that extent I say that freedom of religion has been denied.

One magistrate by name Mercier said, when some of the witnesses were before him:

> Any measures are justified in ridding our Christian society of those transgressors of all laws, these enemies of all religions, these witnesses of falsehood.

It may be that they are witnesses of falsehood, but there are other examples, fortunately not many of them, in that province, who are proven witnesses of falsehood. I refer to that small group with no great following in Quebec known as the Union des Electeurs, who publish a periodical known as *Vers Demain*. In recent months this group has been printing extracts from the protocols of Zion. Any normally intelligent person knows that the so-called protocols are arrant forgeries and frauds and anyone who will print them does so only with the intention of stirring up group against group and creed against creed. Let me read what the editor of the *Canadian Register* says in its Quebec edition, and I should like to pay tribute to the editor of that paper. It is the organ of the English-speaking diocese of the Roman Catholic church in Montreal. This paper says:

> It is therefore with feelings of shame and horror that we have noted the publication in *Vers Demain*, organ of the Social Credit party in this province, of that spurious calumny of the Jews known as the "Protocols of Zion." This fantastic forgery, long known to all serious students as false, contains all sorts of nonsensical "revelations" of non-existent "plots." It is a vulgar and crude libel of our Jewish brethern which is capable of causing great harm among prejudiced or uncritical readers.

But still the attention of the executive of Quebec is centred on the Witnesses of

Jehovah. Here I should like to quote from the remarks of Mr. Justice Jackson in the Supreme Court of the United States when the case of the rights of Jehovah's Witnesses came before that court. He said:

> As governmental pressure toward unity becomes greater, so strife becomes more bitter as to whose unity it shall be . . . Ultimate futility of such attempts to compel coherence is the lesson of every such effort from the Roman drive to stamp out Christianity as a disturber of its pagan unity, the inquisition as a means to religious and dynastic unity, the Siberian exiles as a means to Russian unity, down to the fast-failing efforts of our present totalitarian enemies. Those who begin coercive elimination of dissent soon find themselves exterminating dissenters. Compulsory unification of opinion achieves only the unanimity of the graveyard.

Mr. Justice Jackson has laid down certain principles of religious and civil freedom which I commend not only to the authorities of Quebec but to those in every province. We see that today certain basic rights are in danger in Canada and, as I said before, the federal government has led the way.

I now refer to a matter that has been brought before this house on several occasions. I should like to remind the house of the espionage trials, and what the leader of my party said about them last year: We regard with revulsion and contempt any Canadian who betrays or attempts to betray his country. I regard with something akin to that revulsion and contempt the conduct of the government in this case. A little over a year ago some thirteen suspects were arrested, were held incommunicado for several weeks, subject all the time to close questioning by the police. They were denied the fundamental right to counsel; they were denied the privilege of seeing their families. By odd irony, there was being held in Europe at that time a trial in Nuremberg, where some of the worst war criminals we have ever known were given these rights which we in Canada denied to our own people. One suspect, Doctor Alan Nunn May, was sent over to the United Kingdom. When he arrived there he was arrested, charged the next day and given the right to see counsel and also to meet with friends. These rights, despite the minister's talk of magna carta and habeas corpus, were denied in the espionage trials. I should like to know where magna carta and habeas corpus were during those months. The answer would be enlightening. Reading the evidence, one can only be struck by the fact that the commissioners emphasize that the procedure they adopted was legal in terms of the statute law of Canada. They justified a great part of their procedure under the Official Secrets Act, the Inquiries Act and the Canada Evidence Act. I am not skilled in law, but I do say this, that if that legislation permits the government to do what it has done in the past, then I think it is time to bring amendments to the legislation before the house so that rights of the individual may be protected.

But there was also an order in council passed which appointed the royal commission, order in council P.C. 411. Section 3 of this order states:

> That the said commissioners may adopt such procedure and method as they may deem expedient for the conduct of such inquiry and may alter or change the same from time to time.

I have heard it said that the government has assumed to itself at times great powers. These are extraordinary powers.

One of my principal quarrels is with the commissioners themselves and with their report. Although we were assured by the Prime Minister that they would be anxious to maintain in every way possible the freedom and the liberty of the individual, the commissioners refrained from telling witnesses that the protection of the Canada Evidence Act was theirs for the asking. In part of the report we read that certain persons did not, so far as the evidence discloses, take an active part in the subversive activities, but would have done so if required. I have not yet seen the evidence which would lead me to believe that that was so. I am compelled to believe that the commissioners deserted fact and law and became, for the time, soothsayers.

The commissioners declared on February 14 of last year that, unless individual rights were set aside and citizens suspected of being spies were held incommunicado, some of the basic purposes of the inquiry would be defeated. That statement is even more extraordinary, for neither the government nor the commission has yet made it good. I have seen no jot or tittle of evidence to suggest as to how this unconstitutional procedure helped the investigation in any way whatsoever. We are entitled to know where the security of Canada was aided by setting aside the constitutional rights of Canadians.

The government may say that it acted on the advice of the commission, but it is notorious that governments accept the advice of commissions only when they want to. The government cannot escape responsibility because of what the commissioners said. The government must be held accountable on several scores. In the first place, they permitted and, I maintain, permitted wrongly, the publication of evidence which was obtained by the commission in advance of the trials of suspected persons, and so in the minds of people at large the case was prejudiced. But

the government also repealed one of our most fundamental laws, the right of every citizen to a fair and free trial. What is worse, the commissioners have taken away the good names and reputations of those who were found not guilty in the lower courts of the land. Here let me pay tribute to that standard of Canadian justice which will examine the evidence as it stands and not accept the judgment of those who occupy high positions in the judiciary.

As I said, the reputation of these people has been taken away. Many of them have lost their jobs. Perhaps all of them have lost their jobs and are finding it difficult to obtain new employment. Throughout all the days of their lives they will be pursued by the dark cloud of suspicion that at one time they may have been traitors to their country, and nothing which the government may do now can redress that wrong. Already their good names have been taken from them.

Who steals my purse steals trash; 'tis something, nothing;
'Twas mine, 'tis his, and has been slave to thousands;
But he that filches from me my good name
Robs me of that which not enriches him,
And makes me poor indeed.

We have not only left these people poor; we have left them paupers. We have destroyed their reputation; we have compelled them to use their savings or to borrow from their friends so that they could defend their names in Canadian courts; and the very least which can be expected is that the government will assume responsibility for this and pay the costs of those who were acquitted.

I should like to quote what the Prime Minister said last year, as reported at page 9 of *Hansard*:

I would also ask hon. members to remember in reading these reports that they have been prepared by two chief justices of the Supreme Court of Canada, gentlemen who, above all, would be anxious to maintain in every way possible the full freedom and liberty of individuals in our country.

I dispute the accuracy of that statement. Let me place beside it what Mr. Chitty had to say in the "Fortnightly Law Journal" of Toronto, which was reported about a year ago. Speaking of the politicians, he said:

They have abolished the constitution. They have deprived men and women of their constitutional rights not to be arrested uncharged, not to be held in prison unarraigned, not to have justice deferred or denied. They have subjected those men and women thus illegally arrested and imprisoned to inquisition and all that that implies. But beyond and above that they have destroyed the independence of the judiciary and suborned the courts to lend the appearance of legality to their crime.

[Mr. Stewart.]

I should like to say something more than that. Not only have the courts been suborned, but justice itself has been suborned and that by two justices of the Supreme Court of Canada. They found guilty those who were afterwards acquitted. They approached witnesses at times apparently, if one can read the evidence, with biased minds. They accepted and even created a commission which violated our most sacred rights.

Mr. MACKENZIE: I hate to interrupt my hon. friend, but I think that is not parliamentary.

Mr. SPEAKER: Before the minister rose, it was my intention to rise and call the attention of the hon. member to the fact that he should be very careful in his expressions when referring to the supreme court.

Mr. COLDWELL: May I submit that the hon. gentleman is not dealing with judges; he is dealing with a commission.

Mr. MACKENZIE: It is the same thing.

Mr. COLDWELL: There is a distinction.

Mr. MACKENZIE: No.

Mr. COLDWELL: Though the persons may be the same, the office they held or hold is different. The hon. member was discussing the commissioners; it is just an accident that they were judges.

Mr. MACKENZIE: That very point raised by my hon. friend came up years ago and it was not sustained at that time. I am sorry I have not the decision in hand at the moment. The procedure is that it is not proper to criticize judges even in their capacity as royal commissioners.

Mr. COLDWELL: May I respectfully point out that if the government wishes to escape criticism all it has to do is to appoint judges to a commission. That is wrong. If the government appoints justices to a commission, then these justices as commissioners must be subject to criticism in this house as commissioners.

Mr. MACKENZIE: My hon. friend is raising an entirely different point. The point he has raised has nothing whatsoever to do with the standing rules of the house. I submit that, according to the standing rules of the house, any reflection upon a member of a court is improper.

Mr. HACKETT: I should like to say a word on the point of order, Mr. Speaker. I am going to begin by beseeching the hon. gentleman not to continue in the vein of his last utterance but I must submit that he has

the right to say what he is saying. It is because he has the right—possibly the duty—to say it that establishes the impropriety of putting gentlemen of high judicial office into positions which expose them to the things the hon. member is saying about them.

Mr. ABBOTT: I have just one word to add. My hon. friend used the word "justices", and I take objection to his statement about the courts being suborned. I quite agree that he is free to comment as he pleases upon the conduct of the royal commission. I am not an expert on parliamentary procedure, but I think it is going a bit far to say that the courts in this country have been suborned.

Mr. HACKETT: He should not say that.

Mr. ABBOTT: Of course he should not.

Mr. STEWART (Winnipeg North): I was quoting Mr. Chitty. May I say I had concluded with that aspect of it.

Mr. MACKENZIE: He is only a half journalist.

Mr. FULTON: He is a Canadian citizen.

Mr. ABBOTT: There are some ten or twelve million Canadian citizens.

Mr. SPEAKER: Order. I again ask the hon. member who has the floor to be very careful in the expression he uses when referring to the courts. It is not only a question of using unparliamentary terms, but I should call the attention of the hon. member to the fact that Mr. Speaker shall preserve order and decorum. Hon. members must be very careful when they refer to the highest court of the country.

Mr. STEWART (Winnipeg North): Mr. Speaker, I had finished what I had to say in that respect. You may rest assured that I shall always try to observe order and decorum in what I am assured is a free and unfettered parliament. We have seen that there are certain dangers to our civil and religious rights in this country. As part of our election manifesto in the last election, we in the C.C.F. said this, and I give it as a declaration of faith: That a bill of rights should be incorporated in the constitution, protecting minority rights, civil and religious liberties, freedom of speech and freedom of assembly, establishing equal treatment before the law to all citizens irrespective of race, colour or creed, and providing necessary democratic powers to eliminate racial discrimination in all its forms.

That is part of our basic philosophy of life, and yet it scarcely goes far enough. We need a supplement to a bill of rights such as that. We need a supplement in the shape of a bill of social rights, and that, I think, is implied by the Prime Minister (Mr. Mackenzie King) in the speech he made in Toronto before a labour convention a few years ago when he said that the era of freedom will be achieved only as social security and human welfare become the main concern of men and nations.

We are beginning to realize that democracy implies social rights as well as political rights, and I will give some of these social rights, not in any particular order of importance or in any particular priority. But we believe that every worker and producer has the right to sufficient income to maintain conditions adequate to human dignity. There are many aspects to these conditions, not the least of which is the belief, shared by all, that there is dignity in honest toil.

Another is that conditions of work shall be such that each shall be given moral and physical security and assured of his personal dignity. We believe in the right of the individual to leisure and to recreation, as we believe in the right of the individual to retire at the very latest, if he so desires, at the age of sixty-five, and to retire with an old age pension which is adequate to keep him in that dignity which we associate with the individual. We believe in the right of the individual to an indemnity in the event of unemployment. Too often it has happened that a man has lost his job because of some event which took place ten thousand miles away and over which he had no control. He was penalized and had to suffer, and many times was left in poverty. Today we have a measure which grants some relief in the form of unemployment insurance, a measure which is not yet enough to ensure men that dignity of which we speak.

We believe in the right of the individual to membership in an organization or association of his own choice and we believe in his right to strike after all procedures of conciliation and arbitration have been exhausted. These are the rights of the individual as a worker or as a producer. But we also have to consider the individual as a consumer, and he has social rights, too, which must be protected.

We believe the consumer has the right to freedom from want, and the right to share in the national wealth of the country. The consumer has the social right to a minimum of economic security guaranteed by a system of social insurance against sickness, inability to work, poverty and old age. The consumer has the right to join any form of cooperative organization, as has the producer, and so to take part in the economic life of the country.

But there are other rights which must be emphasized and one which is honoured more often in the breach, is the right to complete equality as between the sexes; and, stemming

from that, the right of mother and child to all the consideration and care which society can provide. We in the C.C.F. believe in the right of the individual to own individual property, the right of the farmer to own a farm, effectively cultivated by himself or his family, as we believe in the right of the craftsman to own the means of craftsmanship.

We believe, of course, in the right of all to the fullest education in citizenship. It may be said that these rights are visionary; it may be said that they are impractical, that they are a dream. Yet, Mr. Speaker, I believe with all my heart and soul that the day is coming when we shall awaken to find that it is the night which has gone and the dream which has become the reality. The eyes of men are on the future, for we are weary of the past. The old world is dead. The future lies with those who abjure the errors of the past and with courage and resolution confront and solve the problems of our times.

These rights I have enumerated are the minimum rights essential to maintain that human dignity of which we speak. These are the minimum rights which will grant emancipation from the fear of insecurity and poverty, not only to our people but to the peoples of the world. These are the human rights for which we as democratic socialists are pledged to fight.

Mr. J. H. BLACKMORE (Lethbridge): It has indeed been a pleasure to listen today to the fine speeches that have thus far been delivered.

It is not always easy to know what to do. It is usually less easy to know how to do it. It is often very hard to have the skill, strength, freedom and courage to do the right thing, when the right thing is known. And so it will be found in this matter of human rights. It will be hard enough to agree as to what should constitute a sufficiently comprehensive catalogue of human rights. Let us try to solve that problem first. It will be much harder to come to unity of opinion as to why these human rights so commonly elude man's eager grasp, and as to how we might in parliament best proceed to attain those human rights and maintain them and guarantee them, both for ourselves and for our children as Canadians, as Britishers, as Americans and as citizens of One World. Yet this task must be essayed. Let us attempt this problem secondly.

There will remain, then, the question: Have we Canadians the skill, strength, freedom and courage to make the contribution requisite for providing and ensuring ourselves those human rights agreed upon as appropriate for all of us to enjoy? Into this thicket of investigation the time limit will hardly enable us to penetrate far. Yet this assignment, too, we must not shun. May we consider this problem as the third?

What should constitute a sufficiently comprehensive category of human rights? Christ laid down a delineation of human rights which I think all of us have been taught to revere, when he said:

> I am come that they might have life, and that they might have it more abundantly.

The American constitution laid down a fine suggestion for human rights when it said that man was entitled to life, liberty and the pursuit of happiness. Then in our own times we have had the Atlantic charter which undertook to guarantee freedom of speech, freedom of religion, freedom from want and freedom from fear. And now there is a statement of essential human rights published at page 217 of the report of the united nations of 1946. It is the report on the second part of the first session of the general assembly of the united nations held in New York, October 23—December 15, 1946; conference series, 1946, No. 3. The statement contains the following, which I believe it is quite worth our while to contemplate. I read from page 217:

> Upon the freedom of the individual depends the welfare of the people, the safety of the state and the peace of the world.
>
> In society complete freedom cannot be attained;—

Those are not my words. Continuing:

> —the liberties of the one are limited by the liberties of others, and the preservation of freedom requires the fulfilment by individuals of their duties as members of society.
>
> The function of the state is to promote conditions under which the individual can be most free.
>
> To express those freedoms to which every human being is entitled and to assure that all shall live under a government of the people, by the people, for the people, this declaration is made.
>
> Article 1. Freedom of belief and of worship is the right of every one. The state has a duty to protect this freedom.
>
> Article 2. Freedom to hold opinions and to receive opinions and information is the right of everyone. The state has a duty to protect this freedom.
>
> Article 3. Freedom of expression is the right of everyone. The state has a duty to refrain from arbitrary limitation of this freedom and to prevent denial of reasonable access to channels of communication.
>
> Article 4. Freedom to assemble peaceably with others is the right of every one. The state has a duty to protect this freedom.
>
> Article 5. Freedom to form with others associations of a political, economic, religious, social, cultural, or any other character for purposes

not inconsistent with these articles is the right of every one. The state has a duty to protect this freedom.

Article 6. Freedom from unreasonable interference with the person, home, reputation, privacy, activities and property is the right of every one. The state has a duty to protect this freedom.

Article 7. Everyone has the right to have his criminal and civil liabilities and his rights determined without undue delay by fair public trial by a competent tribunal before which he has opportunity for a full hearing. The state has a duty to maintain adequate tribunals and procedures to make this right effective.

Article 8. Every one who is detained has the right to immediate judicial determination of the legality of his detention. The state has a duty to provide adequate procedures to make this right effective.

Article 9. No one shall be convicted of crime except for violation of a law in effect at the time of the commission of the act charged as an offence, nor be subjected to a penalty greater than that applicable at the time of the commission of the offence.

Article 10. Every one has the right to own property under general law. The state shall not deprive any one of his property except for a public purpose and with just compensation.

Article 11. Every one has the right to education. The state has a duty to require that every child within its jurisdiction receive education of the primary standard; to maintain or insure that there are maintained facilities for such education which are adequate and free; and to promote the development of facilities for further education which are adequate and effectively available to all its residents.

Article 12. Every one has the right to work. The state has a duty to take such measures as may be necessary to insure that all its residents have an opportunity for useful work.

Article 13. Every one has the right to reasonable conditions of work. The state has a duty to take such measures as may be necessary to insure reasonable wages, hours and other conditions of work.

Article 14. Every one has the right to adequate food and housing. The state has a duty to take such measures as may be necessary to insure that all its residents have an opportunity to obtain these essentials.

Article 15. Every one has the right to social security. The state has a duty to maintain or insure that there are maintained comprehensive arrangements for the protection of health, for the prevention of sickness and accident, and for the provision of medical care and of compensation for loss of livelihood.

Article 16. Every one has the right to take part in the government of his state. The state has a duty to conform to the will of the people as manifested by democratic elections.

Article 17. Every one has the right of protection against arbitrary discrimination in the provisions and application of the law because of race, religion, sex or any other reason.

Article 18. In the exercise of his rights every one is limited by the rights of others and by the just requirements of the democratic state.

That concludes the quotation. I feel tempted to say just a word on that last division, article XVIII, inasmuch as several of our C.C.F. friends have been so greatly disturbed by reason of what some of us have said concerning the Japanese problem. I believe it would be a right good thing for them to read that section very carefully, to ponder it deeply, apply it to our own case and see how it will work out in Canada.

On page 65 of the publication from which I have just read, we are told that this statement which I have read was drawn up during 1943 and 1944 by a committee of lawyers and political scientists consisting of the following gentlemen, whose names I believe the committee will be pleased to hear. They are:

Mr. Henri Laugier, who is now assistant secretary general of the united nations in charge of the department of social affairs;

Dr. P. E. Corbett, formerly of McGill university and now of Yale university;

Mr. C. Wilfred Jenks, legal adviser of the I.L.O.;

Dr. Rajchman of Poland;

Dr. Hu Shih of China;

Senor del Vayo of Spain; and

Professor Quincy Wright of the university of Chicago.

The statement was submitted to the general assembly by the delegation from Panama, as is recorded at page 217. By resolution of December 11, 1946, this draft was referred to the economic and social council for reference to the commission on human rights, for consideration by that commission in its preparation of an international bill of rights.

I feel tempted to say a word or two to the government regarding this bill of rights. If that bill of rights ever passes, and the government of this country undertakes to do what is suggested by the united nations, then the government will be adopting ways and means which have never yet been considered in this house or throughout this country. I think hon. members should be warned regarding that before they become quite consumed in their enthusiasm for the united nations.

In order to discharge to the full its responsibility suggested by this resolution, each and every state must evidently possess and exercise unchallengeable sovereignty. May I stop to comment at that point. To a great many in this house who have advocated so earnestly that Canada surrender some of her sovereignty, may I point out that if Canada surrendered essential sovereignty it would be a matter of utter impossibility for her to discharge the responsibilities which, by implication, are placed upon her by acceptance of that resolution.

Canada would have to have unchallengeable sovereignty over her economic system—over the goods and services she should produce and consume; unchallengeable sovereignty over her trading policy, to determine with whom she

shall trade, and on what terms; unchallengeable sovereignty over her financial system with power to determine what she shall use as money and what shall be the credit system both for production and consumption; what shall be the price structure in Canada, and how those prices shall be determined, stabilized and maintained; unchallengeable sovereignty over the form of government which she shall use; unchallengeable authority or sovereignty over her legislative, judicial and executive system, over her defence system and over her educational system.

May I pause just to comment, for the benefit of a good many hon. members who, in my judgment, have expressed somewhat reckless enthusiasm for the united nations, when they have spoken in the house. It would be well for them to think right through this whole situation before taking precipitate action in connection with international organizations, and the surrender, in part, of this nation's sovereignty.

If she is to discharge her "human rights" responsibilities, there are several fundamental principles upon which Canada or any state ought to base her way of life domestically. Let me name five of these fundamental principles.

First: Her institutions should be democratic. We should have ministers and officials—including commissions, may I point out, and also emphasize—who will be not only responsible to the people and to parliament but sensitively responsive to the will of the majority, with the will of minorities deeply respected by the constitution, as well as by law and by institutions—conditions which, I fear, we are rather far from at the present time.

Second: The state should have decentralization of its political government, of its industry and of its financial control. In all of these respects the Dominion of Canada is today in more or less large measure deficient. To those who argue for centralization of power and more or less weakening the autonomy of the provinces, let me commend this principle to their consideration.

Third: The state should be founded upon the basis of individual enterprise—individual enterprise, stimulated to abundant production by an equitable profit system, by the right to own property, the right to save fair earnings, and the right of bequeathing property to heirs.

If I might stop just for a moment to discuss this question I would urge upon every hon. member, socialistically inclined and otherwise, that production in a state can be accomplished by only two devices. As the London *Economist* well illustrated it, we must use either the carrot to tempt the donkey forward or the stick to drive it forward. What is happening at the present time, under the guidance of the Liberals, is, in large measure, and under the urgent pressure of the C.C.F., to destroy the carrot.

Mr. KNOWLES: We think Canadians are more than donkeys.

Mr. BLACKMORE: It will not be very long until they will be as stupid as donkeys if politicians keep on as they are doing now. The government is utterly destroying incentive in the country.

Mr. KNOWLES: We think they are human beings.

Mr. BLACKMORE: I am making my speech, and if anyone has any argument against what I am saying, I am quite capable of speaking for myself.

My stand is that we must be exceedingly careful not to destroy the incentive for production in this country. Otherwise, in one of the most wealthy countries in the world, we shall find it almost impossible to get that degree of production which is necessary to ensure an abundant standard of living. That condition, I fear, has already developed in some states, and is developing in others.

Fourth: In order to guarantee these freedoms, the state should use a debt-free economy based upon debt-free money, for consumption, as well as debt money lent, as at present, for production—debt-free money which would enable the government to be free from the control of financial institutions, debt-free money which would enable the state to render the resources of the country available in the form of goods and services; and to render the goods and services financially available, first, to the state's own people, and then, to the peoples of other lands.

Fifth: The state's way of life should be based upon the principle of economic self-sufficiency, stimulating adequate varieties and quantities of production by wisely beneficent defence of home industries, through price adjustments in favour of home consumers.

There will be plenty of people in parliament and throughout the country who will not agree with that statement. I can see now the Prime Minister (Mr. Mackenzie King) rising in his place in this house at various times since I came here in 1935 in order to declaim against the iniquities of economic nationalism. I do not know exactly what he had in mind in respect of economic nationalism; but my general approach to this problem would be this: that the more nearly a state comes to produc-

ing the goods and services which it needs to supply its people with a desirable standard of living, the freer that state is, and the more likely it is to be strong and prosperous.

Liberals in the house as well as a great many Conservatives will be somewhat interested in the observations made by Mr. W. H. Moore, who was for a long time the member for Ontario in this house, in his recent book "Grey Days", which I fancy most hon. members have read. Mr. Moore had established a reputation for being a thorough student, a careful thinker and a cautious speaker. On page 100 of his book, he makes this observation concerning economic policy:

> It is a dogmatic phrase, "There is nothing else to do"; but I have not coined it; the admonition to balance our economy arises out of the requirements of human welfare in a changed world.

So I make no bones about suggesting that the country should have its economy, its way of life based upon the principle of economic self-sufficiency. Let us have our own oil produced in this country; let us have our own coal; let us have our own sugar and our own rubber; let us produce as many essential products as we possible can.

With the details of human rights as listed in the section which I read from the eminent committee's report there will be, I presume, but negligible disagreement in the house. May we seek now to arrive at a united opinion as regards what causes make human rights so hard to guarantee, and what this parliament can do toward remedying or even eliminating those causes.

The main causes of the miscarriage of justice in respect of human rights arise from insufficiency and insecurity of income—poverty—and from war.

The main causes of war are economic. Men fight because of commercial rivalries. Commercial rivalry results from shortage of purchasing power in home markets, from adverse trade balances, and the fear of adverse trade balances—and consequent irrepayable international debt. Men fight also for markets and for access to raw materials, which is only another way of saying what I have just said. Practically all these causes would efface themselves if the nations would recognize and adopt certain fundamental principles upon which the state ought to base its way of life internationally; that is, in its relations with its neighbour states.

These international principles involve the establishment of a world peace organization under which, first, each nation retains its complete sovereignty to order its affairs in accordance with the will of its people. I opposed the formation of the united nations. There are hon. members in this house who will remember that in March and April, 1945, I rose and opposed that organization, and I am convinced the day will come when members will realize that the whole San Francisco agreement was based upon false principles and has done more harm in the world than good.

But that does not mean that I am opposed to having an international organization. Mr. Anthony Eden, as I recall it, stood in this house and advocated the formation of an international organization based upon the blueprint of the British commonwealth. We British nations did not need to have a central organization established in London to order Canada to go to war when Britain was in danger, to order Australia or New Zealand to go to war. Those nations were fully aware of the danger which threatened them and they rushed into the conflict as quickly as did the motherland. Will anyone tell me that the nations of the world would not do a similar thing?

Why should there be an international police force with power to order nations to war, to order them to conscript men to be sent to it? The whole idea is so contrary to our democratic way of thinking that I stand astounded that hon. members were ever deluded by the concept. But that does not mean that I am opposed to an international organization based upon the complete sovereignty of every state, so that the state would be free to go into the struggle or stay out, as Eire did in this war. If the struggle is not of such a nature as would commend itself to the states concerned, then they could pretty well count on a good many states remaining out.

Second, each state undertakes to maintain adequate armed forces. Third, each power undertakes to go to the aid of any other member of the association of nations who is the victim of armed aggression.

Mr. JAENICKE: Who would decide that, if there were no central organization?

Mr. BLACKMORE: Who decided it in the British commonwealth?

Mr. JAENICKE: The world is not all British.

Mr. BLACKMORE: Who decided that Great Britain, France and the others should be united in the struggle? There was no central body with the power to command.

Mr. ZAPLITNY: There was a war.

Mr. BLACKMORE: During peace there is a war against poverty and there is a war

to prevent war recurring. Surely we could not have any stronger motives to impel men to unite and go forward together. All we need is a set of sound principles upon which to go forward and such principles I am now laying down. I proceed: Fourth, each member undertakes to prohibit its nationals from owning or controlling any property or economic undertaking in another sovereign country. Fifth, each nation undertakes not to export goods to any other nation, except in payment for imports from that nation, without the consent of that nation's government. Sixth, each state undertakes to receive payment in goods and services for any debt owing to its nationals.

I am aware that there will be a good many hon. members who will not see eye to eye with me in respect of these principles, but I commend them to the consideration of members of this house as being principles upon which the welfare and harmony of a united world will be based when the world finally reaches a state of sanity and understanding in which it can have good will and cooperation. I add to the foregoing principles the following: seventh, each state undertakes that if at the end of seven years it shall have refrained from accepting goods or services (other than gold) in payment for goods and services it has sold to any neighbour state it will cancel the debt. Eighth, each state undertakes by means of some form of lend-lease or mutual aid arrangement to render available to any state of good will any supplies of goods and services which it may have in excess of the means to provide an abundant standard of living for all its own people. Ninth, each state undertakes to adopt such an economy and financial system as will make financially available for all its people whatever degree of material well-being may be found to be physically possible for the people in that state.

I commend these principles to the careful consideration of the proposed committee and of the members of this house. This resolution calls for the committee to examine into the possibilities of what Canada can do about the situation that is confronting the country. Here are some suggestions which will be found quite worthy of study.

We come now to the matter of Canadian skill, strength, freedom and courage to accomplish the "human rights" objectives which I have indicated and which we all desire. Have we the skill necessary to accomplish the things which are suggested as being appropriate and desirable by all the fine idealism which is written up in publications emanating from the united nations? My answer is that undoubtedly we do possess the skill. As proof of that, I point to our remarkable performance during the war. I point to the fact that in many cases we had factories and industries established hastily for the construction of war materials. Into these factories we had young men and young women brought who knew not a single thing about the processes they were called upon to execute. Yet in a surprisingly short time they learned and did their work so superbly well as to overwhelm the enemy with their production. Will anyone tell me that we cannot, under similar circumstances in peace time, train our young and old to accomplish these desirable objectives of production just as well as we did in the war? The only thing we need is adequate markets and profitable prices. That is what we had in the war. Some people have the idea that the reason we had so much success in production during the war was that there was a war on. That is not so. There was a good market at profitable prices, and every producer knew he would be sure of a market at profitable prices. That is all we need to get a high standard of production in a private enterprise country—the natural motive.

Have we the strength? I point to our manpower which performed during the war so magnificently, to our industrial structure, to our factories of various kinds, to our industrial skill, to our transportation facilities, splendid for a nation at our stage of development, to our parliamentary and civic institutions of which every Canadian can be justly proud, to our resources bountiful and rich, to our access to new discoveries and technological skills in great numbers.

Illustrative of my last remark may I refer to a statement made by an eminent chemist in the United States in 1942, because some hon. members may not have had an opportunity to read what this man said? I refer to Doctor Charles A. A. Stine, vice-president of E. I. du Pont Nemours, one of the greatest industrial chemists in the United States. He said:

> Under pressure of the necessities of war, the inconceivables of only two years ago are today's realities. American chemists are discovering new continents of matter and the world of 1940 has already become an antiquity. When the war is won we shall have at our command ten to a hundred times what we had before in raw materials. New and more versatile plastics . . . high pressure syntheses of ammonia . . . fertilizer of such capacity that the trends of agriculture may be changed . . . glass that is unbreakable and will float . . . wood that won't burn . . . hosiery from air . . . window screens without wire . . . the war is compressing development.

We Canadians have at our disposal all these superb skills and technological discoveries.

Apply them to our resources with our own national skills, and what sort of strength shall we have in Canada in the production of goods and services to produce a high standard of living, of human rights for the people?

Have we the freedom to do the things which we ought to do? Judging from that list of human rights, I am not so sure that we have not given up too much of our freedom already. For generations now, international finance has been exercising an evil influence over this country. Then when we signed the Bretton Woods agreement we gave up a considerable portion of our financial sovereignty and of our trade sovereignty. Then the united nations charter threatens our national sovereignty in respect of defence. The international trade conferences which we have held, and of which one is now in progress in Geneva, have endeavoured to deprive us of empire preferences which are vital to our economic prosperity and strength, and to force upon us the most favoured nation clause to make us impotent to protect our economy against the crushing impact of the productive potential of the United States.

To the degree to which Bretton Woods and the united nations charter have impaired Canada's freedom to act, I would suggest that this house insist that these agreements be modified, and if they cannot be modified I would be prepared to suggest in all seriousness that this house advise the government to take steps to withdraw from both the united nations agreement and the Bretton Woods agreement.

Have we the courage to do the things we ought to do to ensure human rights? Have we the courage to learn new things? Have we the courage to depart from old opinions? Have we the courage to adopt new concepts, new techniques, new ways? Have we the courage to advocate new measures for freedom? Have we the courage to fight for these new methods? Have we the courage to win? I often wonder. If there is any one thing that would cause me to lose a measure of my optimism and hope in this country it would be the very fact that so many seem to lack the courage even to consider new ways. Rather would they go forward in the old ways, even though they were assured that we were going over a precipice into chaos, deep, dark and dismal, than consider something new in the way of finance or some other economic system which might be of benefit to the nation. Have we Canadians the courage which is necessary, the courage which is more rare than is the courage to die on the field of battle? It all remains to be seen. I believe, Mr. Speaker, that we have.

So in considering this resolution to set up a committee to examine into the whole question of human rights, I face the future with hope and with confidence. I believe that if the committee will apply itself to its task with earnestness, with singleness of heart and with open-mindedness, having a determination to do all that can possibly be done to solve the problems confronting mankind in this most dangerous hour, it will find ways and means of giving Canadians a measure of human rights such as Canadians have never even dared dream of as being possible in this country; for we have everything in this nation necessary to give everybody the highest standard of human rights if we would only use the resources and facilities and blessings which Providence has showered down upon us in rich abundance.

There must be a way in which our aged people can be guaranteed against the penury which now wastes them and chagrins us. There must be a way by which we can guarantee to people doing the work of this country the means of earning a livelihood adequate to support them in comfort and happiness. There must be a way of enabling the people of Canada as a whole to enjoy the good things which the Lord has given us in rich plenty. I say that in setting up this committee we ought to charge them with the solemn and sacred responsibility of discovering the means of enabling the people of Canada to enjoy and to share the rich resources which God has given them.

Mr. ROCH PINARD (Chambly-Rouville): I wish, first of all, to express my congratulations to all hon. gentlemen who have spoken before me in this debate. I was particularly impressed by the magnificent speech delivered this afternoon by the Minister of Veterans Affairs (Mr. Mackenzie). It is not the first time that I have heard the right hon. gentleman express his opinion on matters such as are being discussed today, but in my opinion he surpassed himself on this occasion. I felt personally that not only his voice but his whole heart was speaking in defence of human rights and freedom. I wish also to congratulate the other speakers who spoke before me. It seems to me that everybody agrees on accepting the same principles.

As has already been mentioned, the economic and social council of the united nations organization established in June, 1946, an important body called the commission on human rights. It is often contended that international commissions of that sort are being unneces-

sarily multiplied by the united nations. During a recent visit to the seat of the organization at Flushing Meadows with some of our distinguished colleagues, I began to wonder whether such statements were entirely accurate. I am not in a position today to give any definite opinion in that regard because it is difficult to analyse the situation with fairness.

At the opening of the special session of the general assembly on the question of Palestine, which I had the privilege to attend, several of these commissions, eight of them, I think, were formed by the united nations' delegates. I do not think any of my colleagues present had the time to find out exactly the functions of these numerous new commissions. As a matter of fact, our chief Canadian delegate at the conference, Mr. Pearson, whose competence is highly recognized in all international circles, had the honour to be appointed chairman of one of these committees to investigate some of the political aspects of the Palestine question.

But among the more permanent international commissions already formed by the united nations, it appears to me that this new commission on human rights is one of the most important. Again our country was given the distinction of being represented on that commission on human rights by a capable Canadian, Mr. John P. Humphrey. Mr. Humphrey, who was a former professor of international law at McGill university, is very well known and has always been a credit to his country. On many occasions he has expressed his opinions and his desire to see unity established in Canada. In that respect his advice was often quoted, and it has demonstrated his wish to see better understanding and tolerance between the English and French groups in Canada. On such occasions he has proven that he knows well the problems of our country. His ability and broadmindedness will allow him to understand better the great problems facing mankind and also the task he has been called upon to fulfil as secretary of the commission on human rights.

At the time of its formation, the new commission was given by the council, among other things, specific instructions to submit a report regarding the adoption and acceptance by all the united nations of an international declaration on human rights and the rights and duties of states. The task imposed upon the commission was great, and its importance for the betterment of relations between individuals and nations and for the establishment and maintenance of peace cannot be exaggerated.

In its past and often useless efforts to prevent wars, the world, through its international organizations, has constantly tried to define certain great principles concerning the rights of individuals and peoples, and to force their recognition and observance by all nations. It has always been because such principles have been misinterpreted, ignored or violated by a nation or a group of nations in particular that conflicts of all kinds and wars of ever-growing intensity have devastated mankind. The same remarks apply to the numerous civil wars which, from time to time, have plunged certain nations into misery, desolation and even complete destruction.

But, if these former international organizations have, on different occasions, proclaimed their belief in certain general principles, it often happened that nations could not agree on these basic rules and their opinion could not be unanimous. The immediate consequence of such disagreements was the sudden discovery of undeclared hostilities, which gradually increased and developed to become sources of quarrels resulting in conflicts and wars.

One of the causes for such failures may be attributed to the fact that such international organizations understood their tasks too late; instead of working to secure the consent of all their members to the recognition of the intangible rights and duties of each at the beginning of negotiations, they waited until differences were actually created and then sought to find a solution. When passions have been aroused, it is often too late to intervene.

It is for one of these reasons, I think, that the economic and social council of the united nations has decided to define or enact for the benefit of its negotiations a declaration of rights and duties which will be accepted by all.

Since Canada has decided, by signing the united nations charter, to do its full share in the organization of this new post-war world, and wants to take an active part in all the deliberations of the new international council, I was glad to read of the intention of the Canadian government to participate in a constructive way in this new task of preparing this international charter of freedom. Such intention was indicated in the speech from the throne and also appears clearly in the order of reference of the new committee to be appointed.

But a strange thing struck my mind when I discovered that we, members of this parliament, were called to study the preparation of a bill of rights to be applicable to the world at large. If I rightly understand the nature of our task, we are to work as a nation, together with the other nations of UNO in

drafting a declaration containing the enunciation of the rights, liberties, fundamental freedoms and duties of all the nations which signed with us the San Francisco charter. Yet, we do not possess a bill of rights of our own. We are to suggest to other nations for their approval certain rules and regulations which it did not seem necessary that we should adopt ourselves.

Members of the opposition could at this point object that it was up to the government to enact a bill of rights for our own country. I would answer first, that such would have also been the duty of other governments in the past.

But, even then, some members of the opposition could again intervene and ask us why we refused to adopt the amendment they introduced in this house last year, when we were dealing with the Canadian citizenship bill; for, at that time, an amendment to section 10 of the bill was suggested which was intended to incorporate in the new legislation on Canadian citizenship a bill of rights for Canada.

Again I would answer that the amendment as introduced was incomplete, or that the incorporation of a bill of rights in our citizenship bill was not the proper thing to do. In fact, those were the reasons why the amendment could not rally the support of the members of this house.

There is, however, in my opinion, a reason of much greater importance why it is not as yet possible for this country to enact its own bill of rights without its appearing to be unsound. I do not wish to give the impression that I am against the adoption of such an important measure; on the contrary. But in such matters we have to follow the usual and normal course.

Not only has it been the constant practice, but it is only common sense to enact measures of that sort only when a country has secured the disappearance of certain ties or bonds which may paralyse its complete freedom of action or be an obstacle to the proclamation of its real independence. There are things that a country must first do if it wishes to define the inalienable and sacred rights of its citizens. Among these things, there is the inevitable obligation to adopt, before everything else, its own constitution.

If we examine the case of all the other nations which decided, at a given moment of their history, to enact a bill or declaration of rights, we shall see that such nations did not take such measures before having, first of all, enacted their own distinctive constitutions.

For instance, in the case of our neighbour the United States, that country, after proclaiming its independence by a formal declaration in 1776, adopted its constitution in 1788 by special act of government. And it was only two years later, by way of a certain number of amendments to the constitution itself, that the United States adopted what they call their bill of rights.

In fact, in many cases—and I think it is the most logical way to do it—the bill of rights is incorporated in the constitution itself. In any event, one thing appears to be undeniable. There cannot, or at least there should not, be a bill of rights or a declaration of that kind enacted by a nation unless there already exists a constitution adopted by that nation, or unless one is formed simultaneously with such declaration.

To come back to the point I raised, it is my opinion that Canada should as early as possible, in order to follow the logical course, adopt its own constitution and then discuss the enactment, if it becomes necessary, of a Canadian bill of rights.

Who will deny that the most important of our rights as free citizens is that of adopting our own constitution? I would fail to understand our attitude if we were to study a definition of our rights as Canadians, if we decided to define these rights in a special bill, while at the same time we failed to ensure for ourselves the most important of this, the right to our own constitution as a free nation.

Both actions are necessary if this country is to affirm once more its maturity; if Canada is to attain its real freedom of action; if the nation is to complete its march toward final independence. In the meantime, in so far as the rights of Canadians are concerned, I feel we cannot be better protected than by the British North America Act, by the Statute of Westminster and also by the British charters of freedom, the principles of which have been constantly applied in our own country.

I have just given the opinion that it does not appear possible to discuss the enactment of a bill of rights for Canada before this parliament has adopted its own constitution. I also said at the beginning of my remarks that, at first sight, it seemed strange to me that we should participate in the preparation of a bill of rights for other nations while we did not even possess our own. But I think our position can better be defended in that respect, and it is my belief that if Canada does not possess a codified bill of rights, it still can work with the other nations and

offer its constructive suggestions toward the drafting of such a declaration for all nations of good will.

Our participation in that important task will at the same time be of great assistance to us if we ever find it useful to enact our own bill of rights; for I believe that there cannot exist different principles in the determination of such rights by a nation in particular or by the world at large. I would go farther and say that it is necessary for a nation itself to possess a bill of rights, comprising more specific definitions of rights and obligations of a purely local nature and applying to that nation in particular. On the other hand, when it comes to considering a declaration which would be suitable and acceptable to all other nations, the principles are necessarily wider and, in some cases, different and specially applicable to the international field. But in no case should it be permissible for a nation to possess a bill of rights, the principles of which would be different from and contrary to those expressed in an international declaration of the same kind.

There are in the world of today many nations which already possess their distinctive bill of rights. Some of these nations, in the course of their history, have been called upon to modify and even to repeal some of the provisions of their own bill. In fact, this remark applies to nearly all those nations which, through a longer and more agitated existence, have undergone various transformations resulting from both internal and external events. And, of course, there are nations which appear to be fonder, by temperament or otherwise, of this sort of declaration, although sometimes they might forget more often than others to put its contents into practice.

But for all nations, those which have their own bill of rights as well as those like Canada which did not find it necessary to adopt such codification, the duty is the same, and the principles enunciated in their own bill should be identical with the contents of an international bill of rights.

For this reason, it will become necessary to study the bills of rights already in existence, so that they may be modified if they contain a definition of principles which would be contrary to the basic declarations which the world would wish to incorporate in an international bill of rights. In other words, all the united nations must again find themselves in complete agreement, and none of them must be allowed to advocate doctrines to their own people and defend ways of life which the world at large cannot accept but will be bound to condemn.

[Mr. Pinard.]

In order to be clear on that point, it is my contention that every nation must conform in its internal policies as well as in its international dealings to the same inviolable rules and orders. It cannot be authorized to preach at home theories that are rejected in the international arena. Neither can it impose upon its people a way of life or restraints on its liberties which are internationally disapproved.

I am sure that attitudes of that kind cannot be permitted and any nation which would persist in their practice should be subject to international sanctions; it is not my opinion that actions of that kind should remain unchallenged under the cover of the principle defined in article 2 of the charter of the united nations. If, for instance, freedom of worship or liberty of individuals is threatened by any act of any state, such injustice should not be tolerated simply because the matter would appear to be within domestic jurisdiction. Nations must also conform to article 55 of the charter, which imposes upon all members the obligation to promote respect for and observance of human rights and fundamental freedoms. That is where it appears essential to obtain for the guidance of every nation of good will a clear definition of the rights of nations and individuals. And it is to meet this necessity that the commission on human rights was established by the economic and social council.

The delegation of Panama submitted, at the first part of the final meeting of the general assembly held at London, a draft declaration, which the hon. member for Lethbridge (Mr. Blackmore) read some time ago. Such drafts were prepared by a committee of the American Law Institute in 1943 and 1944; that is, long before UNO was created and before the charter of San Francisco was signed. For this reason, they have the merit of not being influenced by political considerations. The commission on human rights is to consider such drafts as submitted by the Panama delegation, and is to report the whole matter for consideration by the general assembly. Although Canada was not represented on the commission itself, we find that Doctor P. E. Corbett, formerly dean of the faculty of law at McGill university, who was attached to the league of nations as legal adviser of the international labour office, was a member of the committee appointed by the American Law Institute.

I have read carefully the statement as drafted by this committee, which was submitted by the delegation of Panama as a basis for the preparation of an international bill of rights. I must admit that the document, although incomplete, is quite impressive. In its

eighteen articles preceded by a short preamble, it summarizes well the essential liberties and fundamental freedoms of nations as well as individuals living in society.

I do not intend to discuss at length the clauses or declarations contained in that statement, which might well be considered as the proposed international bill of rights. But I wish to make a few remarks with regard to some of the principles embodied in that statement on essential human rights and also to refer to some of its deficiencies. First, I wish to draw the attention of hon. members to an omission of prime importance in that statement on human rights as prepared by the committee of the American Law Institute. The task of that committee, composed of legal and political scientists from all important cultures of the world was, as I said, to prepare a declaration containing a summary of the essential rights of human beings. We all know—and this could only be denied by a certain group of people whose blindness or bad faith has misguided them into the desolate regions of atheism, agnosticism or proud nationalism—that all rights whatever are not conferred by man, but must originate and derive from God. In our troubled world of today, when everything seems to be confused and when doctrines of all sorts assail the minds of us all, the only intangible principle dominating all the others should be enunciated in such declaration on human rights.

In other words—and I want to be emphatic on that point—no international declaration on human rights and the rights and duties of states should be approved by the united nations and by Canada in particular, unless faith in God and also belief in religion are firmly and clearly expressed therein. Many people seem to consider the separation of church and state as indispensable to the security of a nation. They would, of course, also be of the opinion that the same principle should apply to international relations.

This group of people would consequently advocate complete exclusion of religion, not only from schools or governmental organizations, but also from international meetings. Wherever such policy was applied, past experience has shown disastrous results. It is a fact that religious hate or even religious illiteracy always becomes an enemy to progress, to national security and also to the maintenance of international peace.

I read the other day some excerpts from an interesting United States publication called the "Relation of Religion to Public Education." This book was published by the American council on education, and it contains the report and conclusions of a committee appointed by such council. The committee, after more than two years of deliberation and study, came to the conclusion that schools should accept the teaching of religion as a factor of social life. I have found the following remarks very constructive:

> On all sides we see the disintegration of loyalties . . . the revival of ancient prejudices, the increase of frustrations, the eclipse of hope. . . . Religion at its best has always been an integrating force, a spiritual tonic for a soul racked by fear and cringing in weakness. . . . Its imperfections will not be lessened by an attitude of splendid isolation on the part of intellectuals, or of indifference on the part of those responsible for the education of youth.

After the horrible catastrophe of the last war, all men of good will must again return to the eternal truth if they are to succeed in their efforts toward better international realities and the maintenance of peace.

I do not wish to confuse the issue when I express such an opinion, and I am completely at ease in speaking in that way when I review the experiences of the past. If one examines with attention those declarations of rights which at times have constituted halting places in the history of mankind, he will discover that they contained in their preamble such reference to the divine power, dispenser of all rights. Such reference is found in magna carta, the Bill of Rights of 1688, which constitute the declaration of principles so precious to British people. It is also clearly expressed in all the great charters of rights that the French people have at certain intervals adopted for their guidance. The most important of such French documents is undoubtedly the famous declaration of rights in 1789, which, written in the blood of the revolution, became a symbol for the first republic of France. Although it seemed that the leaders of the revolution wanted to crush religion at the same time as aristocracy, Robespierre insisted, before having the "déclaration des droits de l'homme et du citoyen" adopted by the national assembly, that reference be made in the preamble to divine authority. So it was "in the presence and under the auspices of the Supreme Being" that the national assembly adopted the solemn declaration. And on October 30, 1946, when France proposed its last constitution of the fourth republic, reference was again made to the principles of 1789, and the constitution reaffirmed the same social, economic and political principles.

In the United States both the declaration of independence and the constitution and its

amendments, the American people expressed its belief in the Almighty, from whom is derived every right and every power.

I could refer to a number of other declarations or constitutions adopted by other countries, such as that of Eire, for instance; and in every one that I have consulted, the same faith in God and religion was reaffirmed. The only two documents I have consulted where such indispensable references were omitted, were the statement on essential human rights of the committee of the American Law Institute and the constitution of the U.S.S.R. In the case of the committee of the American Law Institute, I am convinced that the omission could be attributed to the absent-mindedness which is often the lot of legalistic scientists. But in the second case, the omission of reference to divine power in the Russian constitution is in perfect accordance with the policies followed by that country ever since.

May I make the wish that the new international bill of rights which our worried world is trying to create and proclaim will call for the protection of Him without Whom all our quests for peace would be vain? May I also express the hope that every nation will, in that respect, come to preach and follow the same doctrine toward a better conception by man of his duties toward God? The adoption of any other kind of bill of rights would be for the world a sad mistake and a miserable blunder.

I should like to be as categorical in discussing such articles of that statement on essential human rights as deal with the freedom of opinion and expression, the habeas corpus, the right to own property and the article which concerns the right of peoples to enjoy governments of their choice through democratic elections. As I have already said, I do not intend to discuss all the principles which, in my opinion, have to be embodied in an international bill of rights. It seems to me that theoretically they are all accepted by every nation. In fact, it is often the case that such principles are better praised and glorified precisely by such governments for which it has become common practice to violate them.

For instance, I have carefully read and studied the constitution of the U.S.S.R., and I must say that I have made startling discoveries. I am sure that an attentive reading of that document will be of definite interest to every one of us.

Embodied in the constitution itself is found a chapter entitled: "Fundamental rights and duties of citizens", which might justly be called the bill of rights of the Russian people, or at least of the Russian government. It is interesting to read about the great principles defined in that declaration and to try to reconcile their application with so many events which took place in that country or behind the iron curtain in all Russian dominated countries.

One can learn for example in that Russian document in article 125 that citizens of the U.S.S.R. are guaranteed by law freedom of speech, freedom of the press, freedom of assembly or street processions and demonstrations. And then he will recall so many events and occasions when such freedoms were constantly denied to so many Russians.

For instance, how could it be seriously contended that newspapers in Russia are allowed to comment on world or even domestic events with the same liberty and independence as is the case in our country or in any other democratic country whatever. If such contention was made, all we can say is that the Russian government is lucky indeed to find in all the newspapers of the U.S.S.R. such complete and unfaltering agreement and support. Even our great Liberal party in its most glorious days could never succeed in obtaining from Canadian newspapermen such decisive and constant help.

If it is a Canadian who reads such article of the Russian constitution, he will remember the recent declarations of Igor Gouzenko, a former Russian citizen, who could not in his heart and in his mind conceal any longer the real truth concerning the absence of liberty and freedom in his country.

In sections 127 and 128 is embodied the great principle that citizens of the U.S.S.R. are guaranteed inviolability of the person and that no person may be placed under arrest except by decision of a court of justice. I leave it to members of this house and to the public at large to reconcile that declaration of principle with what has happened in the U.S.S.R. in the past.

And coming to article 124 of the same constitution of the U.S.S.R. one cannot help being astonished to read that, if freedom of religious worship is recognized, freedom of anti-religious propaganda is also allowed to all citizens of that country. I may say that I know of no other country where freedom of anti-religious propaganda is especially mentioned and referred to in the constitution.

If one will recall, for instance, the trial and condemnation of Archbishop Stepinac by the courts of a Russian satellite, he will be inclined to think religion might be tolerated in those countries under Russian domination, but he will also believe that anti-religious propaganda is not only permitted but is strongly encouraged.

There is also another chapter in the constitution of the U.S.S.R. dealing with the electoral system, and I could not fiind anything in it to explain or justify what happened during the recent elections held in Poland, another Russian dominated nation. We all remember the strong but useless protests uttered at that time by one of the members of the Polish government.

For all these reasons, I think the time has come for the world to define in a clear declaration what it means by the rights and fundamental freedoms of nations and individuals.

And, Mr. Speaker, in spite of some events which may at times contribute to develop pessimism in the troubled sphere of international relations, I sincerely believe that the Secretary of State for External Affairs (Mr. St. Laurent) found the right expression when he said at one of the meetings of the general assembly at New York:

> Each state represented here has its own ideals, its own standards, its own ways of life. Differences of outlook are therefore inevitable. It is what we do about these differences that is crucial. Attempts to exploit them to the advantage of any nation or group of nations can accomplish nothing wholesome or constructive. Let us beware of recrimination, of charge and counter-charge. Let us, with good will, patience and forbearance, pursue the course which leads to resolution and not to exploitation of differences.

For these reasons, if for no other, I am firmly convinced that the proclamation of an international bill of rights will go a long way toward helping nations to attain that aim.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, the resolution before the house sets out a state of affairs which has been discussed in the house before. The resolution of the government is based upon the charter of the united nations, and it deals with human rights and fundamental freedoms. It proposes to appoint a committee of both houses of parliament to look into the matter so as to see what can be done.

Another related resolution, which was introduced by the hon. member for Lake Centre (Mr. Diefenbaker), dealt with all the freedoms, including freedom of religion—which we hope we shall never lose in this country—freedom of speech, freedom from fear, freedom of the press, and the right of habeas corpus. There has now been added the right under which no one would be deprived of his liberty by order in council, or detained to give evidence without the benefit of counsel.

These resolutions were discussed in the session of 1937, on February 17. A resolution I placed before the house at that time proposed the appointment of a committee to look into these freedoms. They are all based on four things. My resolution is based on these four things: parliamentary reform, constitutional reform, cabinet reform and law reform —and to a great extent the latter. A long discussion took place in the house on February 17, 1937, in which the then minister of justice took part.

So far so good. In its resolution now before the house the government seems to forget one fact, namely that by the Constitutional Act of 1791 so much of English law was copied into the constitution of Canada as was adapted to our circumstances. This included the provisions in respect of habeas corpus, the various acts which had come before the country, the rights under magna carta, the Petition of Right, the Bill of Rights and the right of habeas corpus. All these things were included. Then came the Statute of Westminster.

All those matters were dealt with in the debate in that year. As I have said, the liberty of the subject is an important matter, and something which has been dearly bought in the old land. Many people have died for it, including Ridley, Latimer and Cranmer, who were burned at the stake. Then there were the seven bishops who won freedom.

I do not want the liberty of the subject to become a meaningless thing in this country. I said the other evening that in some places trial by jury was, to some extent, supplanted by trial by newspapers. Sometimes magistrates will remand prisoners for a week or two weeks until they make up their minds.

As I said before, we in the British commonwealth are very fortunate. Through our allegiance to the crown and to common ideals and interests and loyalties, this unseen link engenders a chain of mutual sympathy which has been moulded, and which has stood the strain of two long struggles for survival.

As Lord Chatham said in 1776, there is something behind the throne greater than the king himself. As I said in the house on September 11, 1941:

> Every principle for which the British nation struggled in the old land since the 17th century has been surrendered to the political caucuses. Parliament itself, which came into being to ensure that taxes shall be voted only by those who have to pay them, has become the institution through which those who do not pay them impose them on others. I want to emphasize to the committee that powers of legislation older even than the right of taxpayers to determine the national expenditure have been surrendered, and if we are to continue this sort of thing, the power of parliament will be gone forever. Whole spheres of activity, involving the livelihood of every man, woman and child in this country, have been removed from the jurisdiction of the law and of parliament and reserved for the

determination of tribunals, irresponsible, irremovable, governed by no control and subject to no appeal.

I hope that state of affairs is now at an end. Many Indians and Eskimos are not yet citizens and have no social rights, although they were here long before we were. The Indians, for example, have no civil rights or civil liberties, even though those rights were guaranteed by treaty. We are not treating these people as I hope they will be treated when the resolution is considered.

It is not constitutional changes that are needed at the present time, because the matters referred to in the resolution are already the law of the land. It is the function of our law courts to see that the law of the land is carried out. Although this parliament deals with the liberty of the subject and the criminal code and other statutes, the enforcement of the law is under the provinces. It has been contended in this parliament that this legislature should enforce its own law. I believe it would be a good thing if we did that. We have what is called a duplicate system. We have a provincial system under section 92, and within it is another duplicate municipal system. All these freedoms referred to have long been the law of the land.

What do you propose to do? As I see it, this involves no constitutional change at all. The constitution is clear; that is not what we need in connection with these matters. After two long wars to secure freedom we need a change in the hearts of men. That is one thing which is more essential than anything else. We have been going around in a circle trying to find a solution to this problem. We propose now to appoint a committee, but that will lead to nowhere. We have had royal commissions, committees, conferences and ministers travelling abroad on this mission, and members of all parties have gone travelling, but it seems to me that all their efforts have largely been failures. As Tennyson said in his, "In Memoriam":

> Let knowledge grow from more to more.

And again in the early stanzas of "In Memoriam":

> Our little systems have their day;
> They have their day and cease to be:
> They are but broken lights of thee,
> And thou, O Lord, art more than they.

As I see it, one of the main factors is that we must get people back to where they started years ago, back to religion. Freedom of religion is one of the things in the charter which the government has set out. I believe that one of the great changes which will come about in this country is that we shall return, as I said the other day, to religion and the principles of Christianity. St. James in his General Epistle, chapter 1, verses 26 and 27, says of freedom and religion:

> If any man among you seem to be religious, and bridleth not his own tongue, but deceiveth his own heart, this man's religion is vain.
> Pure religion and undefiled before God and the Father is this, To visit the fatherless and widows in their affliction, and to keep himself unspotted from the world.

We have always had freedom of religion in this country. I know I have never seen any bigotry in the city from which I come, and I was born there. All the citizens have the same freedom; they are equal; they can run for any office. Some of the brightest students that we have are children of parents who came from European and other foreign countries, and long may it continue that way.

How are we to solve these problems? I do not know, but I wish to refer to what I said when this discussion was up before. I referred to the fact that in the early days of this country everybody owned some property, a farm, a little mill or something else. We have been slow to see how the rights of property have been taken away in Canada by big business; the old business has passed away, and a large majority of the people are just proletarians. In the days of Sir John A. Macdonald and Sir Wilfrid Laurier it was quite different. In this house we are behind the times, and unless we make up and reform our house from within, it will be reformed from without. So far as my knowledge goes, none of the great reforms that have marked the history of England since 1800 originated within parliament; every one began outside. The same is true of our house. All our great reforms, except those which were initiated a few years ago, began outside the house. Reform was not enacted into law, either in Canada or in England, until parliaments were driven to do something. Look at the mother country. Parliamentary reform did not start in the House of Commons or the House of Lords, but outside those houses. The abolition of the slave trade, the abolition of the corn laws, prison reform, colonial reform, catholic emancipation and the reform of the franchise —all these started outside parliament.

I remember away back in the days when we had a committee which investigated the white-collar worker and the great reform which went on in our industrial system. That committee was appointed to make an inquiry in connection with the freedoms set out in this charter. What was the result? We were told about the principles of magna carta that no free man shall be arrested or detained in prison, and so on, and that there shall be no taxation without representation. Is that the law in Canada

today? No. We have appointed numerous outside bodies that are imposing taxation. It was in defence of that principle of no taxation without representation that the American colonies commenced their struggle with the British government. Yet under universal suffrage we see magna carta restricted, if not abolished, and almost kingly powers conferred upon magistrates in connection, for instance, with the restricting of bail. Thousands of people are in prison for debt.

All the great landmarks of our constitutional history, beginning with magna carta, going on to the Declaration of Rights, the Petition of Right, and the Statute of Westminster, were founded on one principle; they were simply the reassertion of the principle of the subjection of the executive and of its members to the law of the land. It was the strength of the barons that made magna carta possible; a police force, so to speak, not to be used unless necessary, which gave us the liberty of our whole constitutional system. Today that liberty is contracted. Today the Canadian working man is at the mercy of arbitrary social conditions beyond his control. A century ago the reform of the franchise secured the liberty of trade and industry for the mercantile and industrial middle classes. Later it was extended to wage-earners; then women were given the franchise and their aid enlisted in the betterment of social conditions. We cannot afford any longer to sit still here and take no notice of what is going on in Canada. The danger to our freedom is greater from within Canada than from without.

What is Canada's answer to all this? First, we should put our own place in order, overhaul the British North America Act and revise our parliamentary system and the other systems I have named. We should adopt some system of Christian socialism for the workers of this country, the white-collar employees, the artisans and the farmers. A system of Christian socialism was brought in a hundred years ago by the industrial revolution in England. A similar movement brought about the evangelic and Oxford movements. There were great social reforms brought about in England a hundred years ago and similar reforms have been long overdue in Canada.

We must strive for freedom from within. We must be forever on our guard. It was the armed strength of the barons which made magna carta possible, and it is the armed strength of the British empire which will ensure the freedom of the British people. History shows that disarmament is impossible in a world where intolerance is so rampant. The disarmament of the free is the tyrant's chance now as in the days of King John.

In the debate on constitutional reform on February 17, 1937, I referred to how the provincial legislatures were created, and I had a word to say in relation to industrial employment, contrasting the precepts of Christianity with the way in which our industrial workers are used. Personality counts as nothing; the dollar is all supreme. Modern life is machine life, soulless, a life of standardization, a high speed production, a highly efficient organization for the making of profit. Dividends are the chief objective; to get dividends, human beings are sacrificed. Wages were often below the level of mere subsistence, so that people were forced into other ways of life to eke out a precarious livelihood. I spoke of the long hours of work exacted, but reforms have been brought about in that. Senior employees, after long years of faithful service, were in many cases cast out without a retiring allowance to make room for younger people. I said that the admonition, "Bear ye one another's burdens and so fulfil the law of Christ," was not being carried out. So, Mr. Speaker, these matters were before the house and before the countrry back in 1937. I do hope that something will be done to straighten out all these matters.

I should like to quote what I said in an election campaign in September, 1934 in Toronto-Broadview. I said:

> I am for property rights and contract rights of the capitalistic system and sound money but I am also for human rights first, last and all the time, and a social order that will give fair play to labour and the consumer and for removal of the admitted abuses of the capitalistic system. The cause of freedom needs our eternal vigilance. There is no true liberty for the working man today if his whole life and that of his family are continuously at the mercy of arbitrary economic forces wholly beyond his control.
>
> Take, for example, the effect of modern machinery on unemployment. Every new process seems to put men out of work. Our artisans are becoming machine minders, and women can mind machines as well as men. Thus you get a rise in female employment and a disastrous fall in the number of men at work. It is apparent to anyone that the very object of machines is to put men out of work. That is the reason they are invented and installed and they succeed in their purpose. Where is liberty while all this goes on?
>
> The welfare of man should be our greatest care as a people and that of our workers' children. There can be no true remedy until the whole structure of our national and economic life is so remodeled as to aim at a national balance and stability rather than at the largest immediate profits.
>
> It is more important that men, heads of households, should have the status of remunerative work than that our boards of trade and Department of Trade and Commerce should pub-

lish returns showing an increase in the country's wealth without any explanation of how that wealth was distributed.

The schoolteacher and not the judge or magistrate or policeman is the best protector of life and property today, as in the days of Lord Macaulay, 100 years ago.

The committee on price spreads appointed by the former prime minister of this country, the Right Hon. R. B. Bennett, did a great deal of good. I hope that the government will take this matter up and give consideration to all the matters that were included before as well as those to which I have referred to tonight.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, I shall not discuss the general proposition of the motion that is before the house. I am prompted to say a few words by the utterance of the hon. member for Winnipeg North (Mr. Stewart). He has deemed it wise to criticize, in definite and pointed language, the conduct of the two commissioners who presided over the investigation into what is commonly called the espionage case. I think it was the great Napoleon who said that the best argument was reiteration. On no fewer than three previous occasions I have referred to the frequent and unfortunate appointment of members of the bench to tasks which lay beyond their judicial function. We declare frequently that we believe in the rule of law. The rule of law means to most of us a system of government which through its different branches makes laws, administers laws and interprets and applies laws to individual cases. Laws are made in parliament; they are administered by the executive, and they are interpreted and made applicable to cases by the judiciary. Happy indeed is the country which has a judiciary in which the people have complete and abiding confidence. That has been the lot of the Canadian people. Never yet within my ken has the judiciary, when acting within its proper sphere, been subjected to criticism in parliament or beyond. But in the last two or three years we have heard members of the judiciary criticized, and criticized violently, for their conduct and for their statements when fulfilling duties allotted and assumed beyond their own proper sphere of judicial activity.

My whole life, Mr. Speaker, has been spent before the courts. I believe in the courts. I believe in the integrity of the courts. I believe in the integrity of our judges, and I am made sad by the practice which exposes that great institution, the judiciary, to criticism such as we have heard levelled at it tonight. Some will say that criticism is unwarranted. I am not going into the issue as to whether or not it is warranted; but I submit that the conduct of the government, in appointing members of the courts to duties beyond their judicial office which expose them to criticism such as we have heard tonight, is unfortunate if not reprehensible. I am not prone to be unduly critical of those, who, in the immediate aftermath of the war appointed these gentlemen to the duties in the execution of which they have been so bitterly criticized. I am not prone to criticize the gentlemen themselves who answered the summons of the government, but I do say we have witnessed the fact that they have been criticized. We know that no judge can suffer that kind of criticism and not have it reflect upon the court of which he forms a part. I say to the government—and I must be fair, for there were grounds to say as much to governments which preceded it—stop this abominable practices of using judges to solve political or partisan problems. The practice is growing; every time that the government has a political problem that is urgent; every time that it encounters a political situation that is difficult of solution, it refers it to a commission and names a judge to preside over the commission, so that the problem may be stayed or solved largely by the high repute of the arbiter. It is not right that men who have been appointed to judicial office, men upon whose integrity and upon whose reputation for integrity depend the fortune, the good name and the liberty of the citizen, should undertake tasks which cause them to be called partisans and tools of government.

I am going to ask the government, not for the first time, not for the second time and not for the third time, to desist from the pernicious practice of naming men who hold high judicial office to preside over commissions and committees for the solution of problems that are highly tinged with politics. And should perchance my plea fall upon deaf ears, I ask the judiciary, men whom we respect and rely upon, to have the courage and dignity to refuse when they are asked to enter upon a field which exposes them and their high office to the suspicion and to the criticism, the like of which we have heard this evening.

Every word that was uttered tonight in criticism of these gentlemen I felt almost as a personal affront, for I knew it was a wound in the side of the great institution in the service of which I have spent my life. Never has there been a time, Mr. Speaker, when as a people we depended more upon the courage upon the integrity, upon the wisdom and upon the high repute of the judiciary than today when all about us shakes and trembles. A law-abiding people, we depend for the honest interpretation of our laws upon a judiciary

whose reputation is inviolate. We ask the government to spare the Canadian judiciary so that its great tradition for impartiality may persist and its record continue.

Mr. STANLEY KNOWLES (Winnipeg North Centre): I believe that the crux of the resolution before us is contained in the instruction that is given to the committee to consider:

> . . . what steps, if any, it would be advisable to take or to recommend for the purpose of preserving in Canada respect for and observance of human rights and fundamental freedoms.

Our horizon has indeed been broadened by the terms of this resolution to the question of an international bill of rights. But I want to congratulate the framer of this resolution on the recognition that it gives to the fact that as a country we can best play our part in seeking to establish freedom around the world by making sure that it burns brightly within our own boundaries.

We have, to begin with, in this country a great heritage. Let there be no doubt about that. But some of us feel that that heritage is in danger. Perhaps one of the reasons why it is in danger is that it is precisely what the word implies, a heritage, not something that we won or fought for ourselves, but something that was handed down to us by people across the seas.

I dare to hope that, as the years go on, we shall transform that heritage into something really native, really part of the life of this country. In the meantime, we must face the fact that if we are to maintain and enlarge upon that heritage eternal vigilance is the price we must pay.

I should like to quote a paragraph from the writings of a distinguished gentleman in this country to whom reference has been made several times already today. I refer to Mr. B. K. Sandwell, who says this:

> Canadians have never had to achieve their own rights as against their own governments. They had to achieve the rights of their own government as against the government of the mother country, but the rights which they as individuals have against their own governments they inherited from that mother country. For that reason they may not appreciate them as highly as the British, who achieved them over many generations, or as the Americans, who devised a set of their own when they devised their own constitution. For that reason also they may not realize how very easily they can be lost nor, once lost, how desperately difficult they are to recover.

I was interested this afternoon in the argument put forth by the Minister of Veterans Affairs (Mr. Mackenzie) for getting along if we can without a written bill of rights. He sang the praises of unwritten rights, of an unwritten constitution; and I am sure that there is something in all of us that responds to the idea of our rights and our freedoms being so clearly understood, so indelibly written into the hearts of our people that they do not need to be written in law and statute.

Unfortunately, however, we do not start from scratch. We are not in the situation where freedom and liberty are ours without question. We have had certain precedents. Reference has already been made to them today, to laws and orders in council that have been passed, which, in the view of some of us, have constituted a denial of human rights and fundamental freedoms. It is because we have had these denials that it has become necessary to make impossible their recurrence by getting down in writing the rights and freedoms that are ours.

In any society which has only an unwritten constitution, precedent plays a big part. I believe it is fair to say that that is the case in the United Kingdom. There is not a written constitution there, but there is a body of law and statute that has grown up through the years, and wrapped up in it is the story of one precedent after another. In that case, the precedents are overwhelmingly on the side of freedom and liberty.

We have many such precedents here. We also have in recent years precedents that are on the other side, and it is because we have these negative precedents that it is no longer possible for us to depend on an unwritten statement of our freedoms. We must get it down in black and white. I agree with those who have said, on both sides of the house, that this is not a matter to rush into merely by the presentation of a resolution or a bill to the house and by the passage of it by a majority vote. Not only is it a matter that should be referred to and discussed by a committee of the house as suggested in the resolution before us, but I support the proposal that representatives from the provinces might also be consulted before we achieve a final statement.

I accept the suggestion that a declaration of rights might be even more desirable than a bill of rights, but I press the point that the time has come in our Canadian history to get in writing the freedoms and liberties that we are seeking to establish, seeking to make not just a heritage we have received from the past but very much our own.

The result of the experiences we have had in recent years with the denial of certain rights and freedoms that we believed to be fundamental is that there has been a spontaneous growth of associations across the

country concerned about civil liberties. I hold in my hand a communication from the Civil Liberties Association of Manitoba. I call the attention of the house to this one because it comes from my own province and I know quite well the executive members and the membership generally of this association. The letter before me is signed by Professor W. J. Waines as president of the Civil Liberties Association of Manitoba, and Professor David Owens as secretary, and I should like to place on record the suggested declaration of rights which this association has placed in the hands of all members of parliament.

I may say that this proposed declaration was sent to us after a recent meeting which was held in the city of Winnipeg, very largely attended, where citizens of that city made clear their interest in this question and their support of a declaration of rights.

Before I read the six points in this declaration, may I read one short paragraph from the letter accompanying it:

> We do not presume that every person concerned about rights will approve of the details and phraseology of the inclosed. We desire rather that the principles should be accepted, unprejudiced by the possible need for minor alterations in the statement.

It was in that spirit that this declaration was sent to us and it is in that spirit that I place it on the record of the house.

1. No Canadian citizen shall be exiled, nor deprived of his citizenship in any part, nor be discriminated against in the exercise of his citizenship because of race, religion, colour, sex, language or political beliefs.

2. No Canadian citizen shall be denied justice as administered in the regularly constituted courts of law; nor be denied protection against arbitrary arrest and imprisonment. To this end, and except in time of actual insurrection or invasion, the writ of habeas corpus shall override any administrative order to the contrary.

3. No Canadian citizen shall be denied freedom of religion in the right to profess, advocate and practise any conscientious belief not inconsistent with the rights of others.

4. No Canadian citizen shall be denied freedom of expression, either in speech or writing, except as provided in the laws respecting slander, libel and blasphemy.

5. No Canadian citizen shall be denied the right of peaceable assembly; nor be denied the right of association or organization for any peaceful purpose not inconsistent with the rights of others.

6. No Canadian citizen shall be denied the right to petition the government or to criticize it in good faith; nor be restricted in the right to bring suit against the crown or any administrative board, agent or corporation acting on behalf of the crown.

Mr. FERGUSON: May I ask the hon. gentleman a question? Do you believe the communistic party to be a political party and, if a man had political views along communistic lines, would you say he should not be deported?

Mr. KNOWLES: I will answer that question at another time. It is not asked at all in the spirit of this debate.

Mr. FULTON: What is the spirit of the debate?

Mr. KNOWLES: The spirit of the debate is one that concerns something very sacred and fundamental, and I thought the tone of the debate had been set by the speech made by the Minister of Veterans Affairs (Mr. Mackenzie) and the able speech made by the hon. member for Lake Centre (Mr. Diefenbaker). I suggest that the debate should go on in that tone.

Mr. FERGUSON: May I say that introducing what you are doing into this speech, you brought the question on yourself, and you cannot answer it.

Mr. KNOWLES: I can answer the question quite easily, but for the reasons I have stated I shall not bother.

Mr. FERGUSON: You are embarrassed.

Mr. KNOWLES: I am presenting to the house at the moment a suggestion for a declaration of rights which comes from as responsible a body as there is in connection with this matter anywhere in the country, the Civil Liberties Association of Manitoba.

Mr. MACKENZIE: They are not communists.

Mr. KNOWLES: No.

Mr. FERGUSON: All of them or some of them?

Mr. COLDWELL: None of them.

Mr. KNOWLES: Does my hon. friend imply that those who compose this association are communists?

Mr. FERGUSON: I will answer you at some more opportune time.

Mr. KNOWLES: Now who is it that will not answer the question.

Mr. MACKENZIE: Two opportunists in one evening.

Mr. FERGUSON: You cannot answer the question.

Mr. SPEAKER: I would ask hon. members not to interrupt the member who has the floor.

Mr. KNOWLES: In the spirit of the short paragraph I read from the letter from Professor

Waines and Professor Owens, before I quoted the six points, I should like to add a seventh point of my own. It has already been suggested a number of times in this debate, but I feel that when the question is being considered by the committee the whole story of human rights and fundamental freedoms should be before us. I would therefore suggest No. 7 to read:

No Canadian citizen shall be denied the right to freedom from fear and freedom from want.

The fact that an organization of men and women such as comprise this association, and others across the country, are concerned about this matter, bears witness to the need of something being done about it at the earliest possible moment. References have already been made today to the obvious encroachments on our civil liberties that have already occurred in this country.

First of all, there is racial discrimination. It does seem to me to be tragic, after what certain racial theories did to this world from 1939 to 1945, that any form of racial discrimination should be continued in any country that adheres to the democratic way and believes in human rights and fundamental freedoms. I was sorry to pick up a United States paper a few days ago—the *Christian Science Monitor,* which does such a good job of reporting—and have to read therein, as a Canadian, an article about our continuing on our statute books a law that denies to certain Canadians, because of their racial origin, rights which are accorded to other Canadian citizens. I am not going into any detail on that matter just now because we discussed it in another debate. But I suggest that the eternal vigilance which we must use to preserve freedom sooner or later must bring us around to the point where we get rid of racial discrimination from the statute law of this country. May we do it soon.

Reference has also been made this afternoon or evening to religious persecution as it has been practised in various parts of Canada. In recent months and recent years we have also had attacks on the rights of labour, injunctions against picketing and so on. We have people picked up because of their activities as trade union organizers, and on one pretext or another, imprisoned. Then we have had the whole sorry espionage incident which has been discussed so fully by speakers who have preceded me. I will not go into these matters in any further detail, but I just wanted to mention them as a prelude to something else that I wish to speak about, but which I fear I shall have to leave over until the next day we meet. At this point I would simply say that there are these obvious, but none the less serious threats to our liberty and freedom to which we must give some consideration.

There are, however, other threats to our freedom which are less obvious but which, in my view, are more sinister. They are threats not generally considered in discussions about civil liberty. It is about these very real threats that I wish to speak. But since it is almost eleven o'clock, Mr. Speaker, and since this is launching into another part of what I wish to say, perhaps I might be permitted to adjourn the debate.

On motion of Mr. Knowles the debate was adjourned.

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

Monday, May 19, 1947

The house met at three o'clock.

STANDING ORDERS

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata) moved:

That the second report of the standing committee on standing orders, presented to the house on May 14 last, be now concurred in.

He said: Mr. Speaker, believe it or not, I am not asking for any personal favour. As always, I represent the views of my electors, who have been very good to me and who do not want the wishes or suggestions of outsiders to be substituted for theirs. During the first days of the year there were some people at Trois Pistoles who thought it would be well to make a new county from part of Temiscouata and part of Rimouski. But as the combined population of Temiscouata and Rimouski is about 100,000, there are not enough people to make a third constituency. If it was the wish of my electors to make a different choice, I would have agreed to it because I would not go against the expressed will of the people. However, their desire, as manifested by petitions, is to stay in Temiscouata county; therefore I submit that a request or petition made by outsiders should have no weight with the redistribution committee.

My electors do not complain of the redistribution committee; they are satisfied with the work that has been done under my esteemed colleague the hon. member for Outre-

mont (Mr. Rinfret). I want to pay a special tribute to him for the arduous and painstaking work he has done in an effort to give justice to everybody.

It is not my desire to embark upon a discussion of the report of the redistribution committee in connection with other constituencies. All I am dealing with now is the report of the committee on standing orders, to which committee has been referred the petitions which I have tabled. After they were tabled they were examined by the clerk of the committee, and he said that the petitions were not drawn in proper form and therefore should not be received. Then I argued that some of the forms were antiquated, and I thank the hon. member for Peel (Mr. Graydon) for the support that he gave me on that occasion. He spoke as a great parliamentarian, as he always does; what he said has been appreciated by my electors on whose behalf I speak today, and I convey their thanks to him. I cannot thank you, Mr. Speaker and Mr. Beauchesne, but I can express to you the deep appreciation of my electors of the spirit of fairness that you showed on that occasion. When the matter was brought before the committtee another one of my colleagues, the hon. member for Saskatoon City (Mr. Knight), spoke very well, and expressed in the committee views similar to those which have been expressed in the house by the hon. member for Peel. To him also I convey the thanks of my electors.

I shall not take up much of the time of the house but I have here some very fine articles which have been published in different papers, Montreal *Matin* of May 5, the Ottawa *Journal* of May 6, the Toronto *Daily Star* of May 9 and the Ottawa *Journal* of May 14; and if I am allowed to do so I shall table them in order to save time.

Mr. SPEAKER: Has the hon. member the unanimous consent of the house to place on the record these reports from newspapers?

Some hon. MEMBERS: Carried.

Mr. POULIOT: Thank you.

Montreal *Matin*, Lundi, 5 mai, 1947

Evitons les "chinoiseries"

Nos grammairiens se sont montrés très injustes à l'égard des Orientaux quand ils ont permis que le mot "chinoiserie" servît à désigner toute démarche, manifestation ou règlement inutile.

Mais nous n'y pouvons rien et, à maintes reprises, l'occasion nous est fournie de nous plaindre de "chinoiseries" particulièrement de "chinoiseries administratives". Celles-là sont abondantes: jamais, probablement, n'y en a-t-il eu autant.

La plus récente, c'est M. Jean-François Pouliot, député de Témiscouata, qui l'a signalée alors que deux pétitions présentées par un groupe de ses commettants risquaient d'être mises de côtés, parce qu'elles n'étaient pas rédigées dans les termes précis exigés par les règlements.

Les électeurs de Témiscouata, en personnes intelligentes, ont abrégé. Comme l'expliquait M. Pouliot, "ils ont exposé ce qu'ils voulaient en langage simple et très clair". Or, selon les règlements de la Chambre, c'était trop clair, trop simple, trop abrégé surtout, d'où l'intervention du député de Témiscouata pour empêcher que la requête aille tout droit au panier.

Rien d'étonnant que certaines lois et ordonnances soient tellement emberlificotées, si l'on songe qu'elles sont l'œuvre de législateurs ne prisant guère un langage simple et clair et préférant, au contraire, les formalités surabondantes qui compliquent et... embêtent.

The Ottawa *Journal*
Tuesday, May 6, 1947

The Form or the Substance

Mr. Jean-François Pouliot, member for Temiscouata, brought an extraordinary ruling to the attention of the House of Commons the other day. Two petitions signed by hundreds of electors in that riding and addressed to the House were refused consideration, he said, because they did not use the prescribed "sacramental words".

The petitions, Mr. Pouliot explained, had to do with redistribution, and were tabled in the ordinary way, but were not turned over to the Redistribution Committee because they did not conform to ceremonial practice. "They were addressed", said the Member for Temiscouata, "to Mr. Speaker and to members of the House of Commons instead of to the Honourable the House of Commons in Parliament assembled". That was the first offence. But worse was to come. The prescribed words "The petition of the undersigned humbly sheweth" were missing, the argument was not divided into paragraphs each beginning with the word "That", and the conclusion omitted the prescribed formality, "And your petitioners, as in duty bound, will ever pray". His electors, said Mr. Pouliot, were not strong on red tape, but they had made their meaning clear and plain.

Mr. Graydon supported Mr. Pouliot's request that the petitions be sent on to their intended destination, and the Speaker promised to look into the matter. Mr. Graydon's words were very sensible. "We should not be governed so much by the form as by the substance of a petition such as this", he said. "When the common people of Canada decide that they want to petition the House of Commons we should place as few obstacles as possible in the way."

With that doctrine we thoroughly agree. Parliament is the servant of the people, not its master, and nothing is less important than the form a petition to Parliament takes. If it is the honest expression of a group of electors on a matter of public concern, expressed in decent and intelligible language, obviously it should be received and considered, and if the rules interfere then the rules should be changed.

Toronto *Daily Star*
Friday, May 9, 1947

Jean-Francois Scored That Time

That genial man and Independent Liberal, Jean-Francois Pouliot of Temiscouata, gets sometimes upon the nerves of parliament. But

when it comes to an issue of red tape vs. common sense, Jean-Francois is usually on the right side. He was on the right side the other day when he protested the rejection of two petitions which had been forwarded by his constituents.

It is a fundamental principle of democracy that the electors should have no difficulty in making their wishes known to their parliamentary representatives; if not personally, at least by letter. The post office recognizes this and charges no postage on letters to or from members at Ottawa during a session or ten days prior to it. It is also in accord with democratic principles that a group of individuals should have the right to contact parliament as a whole by way of a petition. That their petition must contain certain specified phrases may be a rule of parliament, but it is a rule which should not be too closely insisted upon.

In the present instance, certain electors of Temiscouata wished to protest a proposed change in their riding under the redistribution, and Mr. Pouliot presented two petitions from them to that effect, believing that these would be received and go to the redistribution committee. But they got tangled up in red tape. The rules say that petitions should be addressed to "the Honourable the House of Commons in parliament assembled." These were addressed to "Mr. Speaker and members of the House of Commons." The prescribed words, "the petition of the undersigned humbly sheweth," were omitted, as were the closing words the rules call for, "and your petitioners, as in duty bound, will ever pray." Moreover, the petitions were not divided into paragraphs, each beginning with "that"—evidently a particularly heinous fault. On these grounds the petitions were turned down.

It is no wonder that Mr. Pouliot protested. Mr. Gordon Graydon backed him up and said: "We should not be governed so much by the form as by the substance of a petition such as this. When the common people of Canada decide that they want to petition the House of Commons, we should place as few obstacles as possible in the way of their getting their views tabled in the House. I suggest that we waive any technicalities in this matter and allow the petition presented by the hon. member for Temiscouata to be tabled as he suggests."

Hansard does not record that Mr. Graydon's remarks evoked a cheer, but they should have done so. At any rate, Mr. Pouliot got action. The Speaker explained that "the House is not seized (what a word!) of a petition addressed to the members without mentioning the words 'in parliament assembled.'" The omission of "and your petitioners as in duty bound will ever pray," was not so serious. The learned authority "May" agrees that while those words are "generally added," they are not necessary. In any event there was a way out. Mr. Pouliot could move that the petitions go to the committee on standing orders—which he did. And no doubt the committee on redistribution will finally get them.

But what nonsense it is to insist on stilted and archaic forms of expression. One of these days someone will faint if "sheweth" in a petition appears as "showeth", or if a bill is "entitled" instead of "intituled." Let red tape perish!

The Ottawa *Journal*
Wednesday, May 14, 1947
Those Letter Rules

The other day Mr. Pouliot complained in the Commons that the house had refused to receive some petitions from electors in his riding, Temiscouata, because they were not couched in the prescribed phraseology. The petitions had to do with redistribution, and their natural destination was the special committee dealing with that problem. Mr. Graydon in the discussion supported Mr. Pouliot's contention that since the desire of the petitioners was clearly expressed the wording of the document should not prevent them from being heard.

This week the question came before the standing orders committee of the house, and it refused to accept the petitions on the ground that they were improperly worded and did not conform to precedent—the reason also was advanced that to let them go on to the redistribution committee would be contrary to the ruling of the present and former speakers.

This time it was Mr. Knight of Saskatoon who, in the standing orders committee, opposed so fine an example of red tape and hampering custom. He took the ground that any citizen should have the right to take his case to parliament, and that antiquated rules should not stand in the way—"the spirit is much more important than the letter."

However the majority were against him, and against Mr. Pouliot and Mr. Graydon. We think it was an unfortunate ruling. We do not know what the Temiscouata petitioners ask, and it does not matter. What matters is that they have something they want to say to the House of Commons and are refused a hearing because of their ignorance of certain formalities set out many years ago.

Mr. SINCLAIR (Vancouver North): Mr. Speaker, is not this matter already before the redistribution committee of the House of Commons?

Mr. SPEAKER: I have been listening to the hon. member and awaiting to call attention to the fact that he should not discuss on his motion the redistribution of representation, as that matter has been referred to a committee of the house. Of course he is allowed to discuss the form of the petition which has been refused by the clerk of petitions.

Mr. POULIOT: Here is the report to which I refer, the main part of which I shall read in a few moments. There was also a letter and a petition from his worship the mayor of Squatteck, which will be submitted in due course to the committee on standing orders according to the procedure which has been established. But, sir, there are two points which I desire to consider in my brief remarks. They are the two points which have been raised by the committee on standing orders. This is a question of parliamentary procedure, and I took the trouble to analyse what was said about that matter.

The rule previous to standing order No. 1 read as follows:

In all cases not provided for hereinafter or by sessional or other orders, the rules, usages and forms of proceedings of the House of Commons of the United Kingdom of Great Britain and Ireland in force on the first day of July, 1867, shall be followed.

That was observed when the rules were amended in 1906. I hold in my hand the *Votes and Proceedings* of March 15, 1927, and there is an explanation under that old rule which reads as follows:

This rule prevents the house from accepting in unprovided cases the practice followed in Great Britain since the first of July, 1867. There is no valid reason why English precedents, where Canadian ones do not exist, should not be accepted irrespective of the dates at which they were established.

Which means that we can go very far back for precedents. I quote again:

The rule goes too far inasmuch as it compels the house to follow the British rules in force prior to 1867. It is somewhat difficult to be governed in any case by the rules of the British parliament as they do not always suit our conditions, whilst there is a better scope for meeting all requirements in accepting as guides its customs and usages.

In other words and according to the quotation I have just given, English procedure and customs and usages where Canadian ones do not exist, shall be accepted irrespective of the dates at which they were established. They offer a better scope for meeting all requirements and they shall be accepted as guides.

May says at page 794:

The right of petitioning the crown and parliament for redress of grievances is acknowledged as a fundamental principle of the constitution. It has been uninterruptedly exercised from very early times, and has had a profound effect in determining the main forms of parliamentary procedure.

The Encyclopaedia Britannica is much more honest than May in that regard. It contains the following: "The political importance of petitioning dates from about the reign of Charles I," who was beheaded in 1649. "The development of the practice of petitioning had proceeded so far in the reign of Charles II, as to lead to the passing in 1662 of an act (13 Charles II, chapter 5) against "tumultuous petitioning", which is still on the statute book . . . And in 1817 (57 George III, chapter 19, section 23) meetings within a mile from Westminster Hall for the purpose of considering a petition to either house of parliament while either house is sitting were declared to be unlawful assemblies."

Mr. COLDWELL: What date was that?

Mr. POULIOT: That was in 1817.

[Mr. Pouliot.]

The first edition of "A Treatise on the Law, Principles and Usage of Parliament" by Sir Thomas Erskine May, Clerk of the House of Commons "was in preparation exactly fifty years ago (1843-44) during those halcyon days of parliamentary existence when the standing orders of the House of Commons, now ninety-seven in number, were only fourteen"—I counted only ten—"when no rule or order prescribed that previous notice should be given a motion, however important; and when a motion might be met by any form of amendment, however grotesquely irrelevant. Excluding the standing orders which require the recommendation of the crown to motions involving a money change, and which regulate the presentation of petitions, the parliamentary procedure of 1844 was essentially the procedure on which the House of Commons conducted business during the Long parliament." This is from the preface of the tenth edition of May which has not been reproduced in the 14th.

In the very last of his countless last speeches, delivered on the eve of his resignation as Prime Minister of England, I heard Stanley Baldwin speak as follows at the Empire day and coronation banquet of the combined empire societies in London on May 24, 1937:

If you will only do as I have done, study the history of the growth of the constitution, from the time of the civil war until the Hanoverians came to the throne, you will see what a country can do without the aid of logic, but with the aid of common sense. Therefore my next point is: do not let us put any part of our constitution in a strait-waistcoat, because strangulation is the ultimate fate. And I would say one more thing: do not let us be too keen on definition.

How could anyone reason with the aid of common sense and without the aid of logic? I may therefore be excused for not following the advice of the right hon. gentleman, as I intend to be keen on definitions with the aid of both logic and common sense.

The same year the empire parliamentary conference met at Westminster Hall, which no building in the United Kingdom overshadows in historic importance. It is haunted by the ghost of Charles I, Warren Hastings, Sir Thomas More, Lambert, the Earl of Strafford and the cynically humorous old "Fox of the North", Simon Fraser, Lord Lovat; and many of the ceremonies in connection with the coronation of English kings were enacted under its lofty timbered roof. The Right Hon. Sir John Simon, who was then Secretary of State for Home Affairs, and who had been described as "a great statesman, an expert

politician, and a great constitutional lawyer", made an amazing speech in which he asked this strange question:

> Do you think that ministers of the crown will be able to continue under the increasing pressure and speed of modern conditions to do their work as ministers, and to sit in the legislature as well?

As I was invited to speak immediately after him, I gave my answer to the question, and it was as follows:

> There is the alternative of suppressing either one or the other. If we suppress the cabinet the situation would be the same, because every member of parliament will be a cabinet minister and we shall have anarchy. If parliament is suppressed we shall have fascism, which Mr. Dillon hates and Mr. Lansbury detests.

The subject matter of the discussion being, "The future of parliamentary government", I spoke of the parliamentary procedure of the British empire.

The first standing order was passed in 1707, and there were only four in 1821. I made a comparison with the Quebec legislature, which has 688 rules, and I expressed the view that the rules of the various legislative bodies of the British empire were much more complete and to the point than those of Westminster. A New Zealand delegate said that he could conceive of a parliament being conducted without any standing orders at all. "I do not think", said he, "that the question of standing orders has very much weight so far as parliamentary institutions are concerned. If you have a Speaker who is a fair and just man, if you have tolerance in the chamber so that you listen to what others have to say, and if you follow the Speaker's ruling, I do not think it matters very much whether there are written standing orders or not."

He expressed the view that we should rely on the spirit of fairness of the Speaker and the spirit of tolerance of our fellow members, as I do now.

Sir Thomas Erskine May, who has been acknowledged as the main authority on the law, privilege, proceedings and usage of parliament, was born in London in 1815, the year of Waterloo. He was only sixteen when, in 1831, the Speaker of the House of Commons nominated him to the post of assistant librarian. At the time of his appointment there were only four standing orders, but countless were the precedents of every description.

In 1818 Hatsell had published a book entitled "Precedents of Proceedings in the House of Commons." May decided to do better, and he was given "the kind assistance of many gentlemen" to write a book which he filled with all the precedents he could gather, without using proper discernment. He included even those that were, according to his own description, "grotesquely irrelevant", and he went so far as to fabricate precedent. He was only twenty-nine when his illegible book was published. Twenty-seven years later he was appointed clerk of the House of Commons. He was raised to the peerage in 1886, under the title of Baron Farnborough of Farnborough, in the county of Southampton, a few days before his death.

He was born a collector, and his so-called treatise would be compared to the house which the Collyer brothers, who died not long ago in downtown New York, had filled with junk. The editors sell the revised fourteenth edition of the book for only $30.

The main portion of the report of the committee on standing orders reads as follows:

> Authorities on parliamentary procedure and practice, which are binding on the house under standing order 68, are unanimous in declaring: (1) that all petitions should commence with the superscription: "To the Honourable the House of Commons in Parliament assembled"; (2) that the conclusion should be the prayer, without which no petition is in order.

The only way to check up the authorities in the matter of precedents is to find out the first precedent. To my great surprise I discovered that Bourinot, 4th edition, pages 234 to 235, referred to May, page 525; and to my greater surprise I found out that May, 13th edition, 1924, page 610 and 14th edition, 1946, page 795, had no ruling to quote to support his contention that petitions to the House of Commons should be superscribed, "To the Honourable the Commons of the United Kingdom of Great Britain and Ireland in parliament assembled." In fact he quoted no ruling whatever for his suggestion of an antiquated form of petition to the House of Commons, which has been reverently followed by all the authors on parliamentary practice for over a century.

Standing order 68 mentions only "a petition to the house". What is "the house" if it is not "Mr. Speaker and Messrs. the members of the House of Commons"? I have the evidence of *Hansard* to show that the petitions were tabled when the house was assembled. Why should we be bound to use nowadays the formula which May took upon himself to suggest 103 years ago? Is it not musty, rancid, decayed and out of date?

Now I come to the prayer. May says, at pages 795 and 796 that—

> Without a prayer a document will not be taken as a petition.

He gives two references, namely *Commons Journal,* 1651-59, page 427 and *Commons*

Journal, 1843, page 457. I looked up the first reference at page 427 of volume 7 of the *Commons Journal* for September 23, to 25, 1656. History tells us that it was during the protectorate of Cromwell, and four years before the restoration of Charles II in 1660. There was nothing to support May's declaration. I turned the pages of that old book and read on page 171 that on August 27, 1652 a committee for petitions was appointed to meet in the Star Chamber. Those who have revised May's book have been right on one point, when they wrote in the preface to the tenth edition that "the parliamentary procedure of 1844 was essentially the procedure on which the House of Commons conducted business during the Long Parliament," and it is still the same today. It has not changed with the times.

And now, Mr. Speaker, I will call to the attention of hon. members of the house the reference given by May in the latest, the fourteenth, edition published in February, 1946. Ten references to remonstrances, signatures, forgery or fraud on petitions date back to two centuries before the reform bill of 1832. They are in the Commons *Journals* for the following years: 1667 to 1687; 1688 to 1693; 1772 to 1774; 1792 to 1793; 1807; 1812 and 1813; 1817; 1821; 1826 and 1827; 1831. This book was out of the press last year. Could it be called a modern book?

May's second reference to the necessity of the prayer on petitions was Commons *Journal* of July 7, 1843, in the seventh year of Victoria, page 457. There was no ruling of the Chair about it. All I found was that a remonstrance of the secretary of the National Association, praying the house to establish better representative government, had been laid on the table and it was withdrawn the following Monday. Doctor Johnson calls "remonstrance"—strong representation.

There are so many interchangeable words in the dictionary that they have given birth to basic English. I looked up the Dictionary of the English Language by Doctor Samuel Johnson and I notice there that the words petition, request, supplication, prayer, entreaty, solicitation were interchangeable. Here is what he said with regard to "prayer."

1. Petition to heaven.
2. Mode of petition.
3. Practice of supplication.
4. Single formula of petition.

Then in the Oxford dictionary I find, at the word "prayer", under 5:

> The thing prayed for or entreated; specifically that part of a memorial or petition that specifies this.

[Mr. Pouliot.]

This is Middle English. And the petitions to the Commons, according to the Encyclopædia Britannica, shall be as follows:

> Must be in writing; must contain none but genuine signatures, and must be free from disrespectful language or imputations upon any tribunal or constituted authority.

And May, at page 795, says:

> The general allegations of the petition are concluded by what is called the "prayer," in which the particular object of the petitioner is expressed.

And it adds:

> To the whole petition are generally added these words of form: "And your petitioners, as in duty bound, will ever pray," et cetera, to which are appended the signatures or marks of the parties.

Bourinot, fourth edition, says at page 234:

> The conclusion should be "the prayer," without which no petition is in order. This prayer should tersely and clearly express the particular object which the petitioner has in view in coming before parliament.

The parliamentary meaning of "prayer", in Middle English, was that of "request" in modern language. Let us sweep away the dust of self-complacency and revise our rules and create our own precedents in conformity with modern times. This is to show that "May", who has been blindly quoted as an authority and accepted as such by other authors throughout the British empire, is outdated, because he and those who have revised his book have shown no discrimination and no discernment in the selection of precedents, and it is time that the House of Commons of Canada should have the rules revised in conformity with modern times.

I express my appreciation to the committee on standing orders who have forwarded the petitions which have been submitted to the house as exhibits to the redistribution committee. The question is not at all the word "petition", or "remonstrance", or any other word. The question is that the electors whom we represent shall have the opportunity at any time to get in touch with the House of Commons.

Sometimes a letter is wrongly addressed but it usually gets to its destination just the same and there are very few dead letters. I remember once a letter was addressed to "Jean-François Pouliot, Deputy Minister of National Defence", but I got it and answered it.

Mr. MacNICOL: You would have made a good minister.

Mr. POULIOT: It was a good letter too. I do not pay much attention to the address so long as I receive the letter, and the so-called petitions of my electors have been

sent here not to request anything, not to make a remonstrance to the House of Commons, but just to express their opinion to the House of Commons, as they have a right to do. If I insist again on this matter it is because I thought that documents that bore the signatures of the independent electors of Temiscouata should find their way to the right place, to the redistribution committee.

Something happened which was a precedent. I was unavoidably absent from Ottawa on the morning when the matter was referred to the standing orders committee, and who came to my defence? It was editorials which appeared in the press supporting what had been said by my friends the hon. member for Peel and the hon. member for Saskatoon City, who took the same view before the committee as the former did in the house.

I express the high appreciation of my electors to these great papers, Montreal *Matin,* Toronto *Star* and the Ottawa *Journal.* Those who wrote these editorials have shown their readers that they are true to the very best traditions of the British parliamentary system. If I have had some difficulty, it was due to some opportunists outside my county—there are no opportunists in my constituency. There were three or four outside. One apparently was kidnapped during my first election. He was no more kidnapped than anyone here, but he disappeared like the prophet Elijah, although he was not in a chariot of fire. He is considered as one of his own class. The other was a young man who had no military record and who during the war was writing very hard letters to a N.R.M.A. man from the registrar's office in Quebec, and I complained bitterly about him at the time. He is just a little intriguer who wants to find a political nest for himself. But I know very well that these people who went to my electors and the electors of Rimouski telling them that my colleague, the hon. member for Rimouski (Mr. Belzile) and myself were for change, were liars; and strangely enough they were supported by the parrot of the cream separators of the Quebec reform club, the legitimate heirs of the unforgettable Quebec Nipple club. I do not care about that. I thank the house, and I thank my colleagues who have supported me. I thank all my colleagues, and especially thank the committee on standing orders. I also thank you, Mr. Speaker.

Mr. E. O. BERTRAND (Prescott): It would appear that in this matter, Mr. Speaker, the hon. member for Temiscouata (Mr. Pouliot) is complaining about the action taken by the standing orders committee, although he did it in an indirect manner. In order to keep the record straight, to protect the procedure of the house and give a certain amount of explanation it would probably be well if a word or two were said about what has really taken place, in order to complete the record.

Under date of May 5, your committee received from the house the following reference:

> That the petitions presented by the electors of the parishes of Ste. Rita, St. Cyprien, St. Paul de la Croix, St. Emile d'Auclair, Notre Dame de Sept Douleurs and St. Jean Baptiste de l'Isle-Verte be referred to the standing committee on standing orders.

These petitions had been presented to the house by the hon. member for Temiscouata. In his report thereon, under date of April 30 and May 1, the clerk of petitions stated that the petitions were not drawn in proper form and therefore could not be received.

I have listened with great care to what was said by the hon. member for Temiscouata, and although he claims that he wants the committee's report to be supported by the house, he is making all sorts of complaints with regard to it, claiming apparently that red tape is being used and that the voice of the people at large is not being heard by the house. This is not at all the case.

Having regard to the report made by the clerk of petitions it would appear that the question to be decided by the committee was whether or not in this case the rules of the house and the forms sanctioned by practice with regard to the wording of a public petition had been observed. Without taking too much of the time of the house, and referring to the documents under consideration, may I say first of all that Your Honour, the Speaker, had stated in the house on May 5 that the house is not seized of a petition addressed to the members unless mention is made of the words "in parliament assembled", which statement the hon. member for Temiscouata criticized severely. It was pointed out that the petitions were not properly addressed and the clerk of petitions reported that they could not be received. This decision given by the clerk and by Your Honour is only the practice confirmed by the rules which have been enforced by this house in the past, and following precedent. The practice was enforced by Hon. Mr. Rhodes, a former Speaker. It was enforced by the rules and regulations in days gone by.

Naturally we should like that report of the standing committee on standing orders to be accepted as such, but not with the remarks which were made by the hon. member for Temiscouata. After all, we claim that we as the committee on standing orders are the

guardians of the rules of procedure of the house, and that your committee had no alternative in this case but to report that the documents in question purporting to be petitions were not drawn in accordance with the rules of practice and not properly addressed and therefore should not be received.

If our report is to be voted upon, as chairman of the committee, I should like to make it plain that it is being accepted by this house in the terms in which it has been presented to the house by the committee and not on the recommendations which the hon. member for Temiscouata made in his address.

Mr. POULIOT: I rise to a question of privilege. I said nothing critical about the ruling of the committee. I moved the adoption of the report. But I said that May is bunk, and I repeat that.

Motion agreed to.

OLD AGE PENSIONS

REVISION OF REGULATIONS—TABLING OF P.C. 1732

Hon. PAUL MARTIN (Minister of National Health and Welfare): Mr. Speaker, I wish to table copies in French and English of P.C. 1732, dated Thursday, May 15, 1947, being the revised regulations passed under the provisions of the Old Age Pensions Act.

These regulations were worked out in consultation with the representatives of the nine provinces at a meeting of the interprovincial old age pensions board, November 26-28, 1946. Following that meeting, it was necessary to put in textual form the changes agreed upon and to submit them to the respective governments for final approval. This has now been done, and in accordance with section 20 of the Old Age Pensions Act, the regulations are now in effect as of May 15, the date of their publication in the *Canada Gazette*.

I might point out that it is estimated that the effect of these regulations will be to relax the present restrictions applying to applicants for pension and to the circumstances under which pensions may be granted. The regulations have been completely revised and made more generous in their application.

I would draw to the attention of the house in particular the changes which have been made in the regulations dealing with the means by which an applicant may prove his age and the regulations regarding residence and calculation of income. These regulations have been relaxed in favour of the old age pensioner. Section 16 of the regulations in particular, defining income, provides that certain types of income listed under no less than eight different headings shall be ignored in calculating the amount of income which a pensioner is entitled to have and still be eligible for pension under the act. Changes are also made with regard to the method of assessing the income value of real property which a pensioner may have and still be eligible for pension. Distinction is made between the calculation of the income value of property which is used as a home and property which is not used as a home.

These and other changes are all calculated to relax in some degree the present restrictions which apply, through the act and regulations, to old age pensioners.

Mr. KNOWLES: May I ask whether that order in council could be printed in the *Votes and Proceedings?*

Mr. MARTIN: It is in the *Gazette*.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 207 for the relief of Evelyn Florence Esson Pugh.—Mr. Maybank.

Bill No. 208 for the relief of Katie Rhoda Brick McGrath.—Mr. Maybank.

Bill No. 209 for the relief of Louise Guiol Ghetler.—Mr. Maybank.

Bill No. 210 for the relief of George William Curtis Johnston.—Mr. Maybank.

Bill No. 211 for the relief of Melville Mae Rundle Swinburne.—Mr. Maybank.

Bill No. 212 for the relief of Ruby Weldrick Hunt.—Mr. Maybank.

Bill No. 213 for the relief of Doris Shaprio Kolman.—Mr. Maybank.

Bill No. 214 for the relief of Mary Margaret Rider Brown.—Mr. Maybank.

Bill No. 215 for the relief of Fennie Nettie Adelstein Waldman.—Mr. Maybank.

Bill No. 216 for the relief of Gustave Lucien Verhelle.—Mr. Maybank.

Bill No. 217 for the relief of Ruby Campbell Matts.—Mr. Maybank.

Bill No. 218 for the relief of Dorothy Kathleen Morrison Germain.—Mr. Maybank.

Bill No. 219 for the relief of Sophie Radwolsky Closner.—Mr. Maybank.

Bill No. 220 for the relief of Muriel Emma Wood Durrell.—Mr. Maybank.

Bill No. 221 for the relief of William John Carmichael.—Mr. Maybank.

Bill No. 222 for the relief of Guido Verdoni.—Mr. Maybank.

Bill No. 223 for the relief of Ronald John Park.—Mr. Maybank.

Bill No. 224 for the relief of Gloria Avon Roland.—Mr. Maybank.

Bill No. 225 for the relief of Gilberto (Albert) Belmonte.—Mr. Maybank.

Bill No. 226 for the relief of Mildred Lillian Flude.—Mr. Smith (York North).

Bill No. 227 for the relief of Pauline Joan Hyde Murphy.—Mr. Maybank.

Bill No. 228 for the relief of Alsye Mae Lissemore Lawrence.—Mr. Maybank.

Bill No. 229 for the relief of Jessie Leonard Simpson Clunie.—Mr. Maybank.

Bill No. 230 for the relief of Fern Catherine Kerr Ekins.—Mr. Maybank.

Bill No. 231 for the relief of Lilly Elizabeth Ingborg Lindfors Crowhurst.—Mr. Maybank.

Bill No. 232, for the relief of Romeo Richard.—Mr. Maybank.

Bill No. 233, for the relief of Charles Augustus Dolling.—Mr. Maybank.

Bill No. 234, for the relief of Charles Frederick McDowall.—Mr. Maybank.

Bill No. 235, for the relief of Woolf (Robert) Cook.—Mr. Maybank.

Bill No. 236, for the relief of Adele Brown Kerkofsky.—Mr. Maybank.

Bill No. 237, for the relief of Ellen Heathcote Taschereau.—Mr. Maybank.

Bill No. 238, for the relief of Molly Marcovitch Schwartz.—Mr. Maybank.

Bill No. 239, for the relief of Betty Gertrude Bernstein Schreiber.—Mr. Maybank.

Bill No. 242, for the relief of Margaret Joan Anstey Steven Hyslop.—Mr. Maybank.

Bill No. 243, for the relief of Elly Zahn Kaminsky.—Mr. Maybank.

Bill No. 244, for the relief of Naomi Joan Williamson Cantlie.—Mr. Casselman.

Bill No. 245, for the relief of Matilda Jane Cumming.—Mr. Maybank.

Bill No. 246, for the relief of Agnes Dowd Brown.—Mr. Maybank.

Bill No. 247, for the relief of Ursula Catherine Tetreau Black.—Mr. Maybank.

Bill No. 248, for the relief of Eleanor Edith McKechnie Martineau.—Mr. Maybank.

Bill No. 249, for the relief of Jack Wallis.—Mr. Maybank.

Bill No. 250, for the relief of Evelyn Margaret Morrison Cryer.—Mr. Maybank.

Bill No. 251, for the relief of Frances Eileen Scribner Mackay.—Mr. Maybank.

Bill No. 252, for the relief of Irene Laflamme Kattas.—Mr. Maybank.

PORT ALBERNI HARBOUR

PROVISION FOR INCORPORATION OF COMMISSIONERS

Hon. LIONEL CHEVRIER (Minister of Transport) moved the first reading of Bill No. 240 (from the senate), to incorporate the Port Alberni harbour commissioners.

Motion agreed to and bill read the first time.

OTTAWA ELECTRIC RAILWAY

PROVISION FOR SUBDIVISION OF SHARES, ETC.

Mr. W. M. BENIDICKSON (Kenora-Rainy River) moved the first reading of Bill No. 241 (from the senate), respecting the Ottawa Electric Railway Company.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

INCOME TAX—NUMBER OF PERSONS IN CERTAIN BRACKETS

Mr. NICHOLSON:

During each of the last ten years for which complete returns are available, how many persons in Canada, after paying dominion income taxes, had net incomes (a) in excess of $25,000 per year; (b) $10,000 to $25,000 per year; (c) $5,000 to $10,000 per year; (d) $2,500 to $5,000 per year; (e) $1,000 to $2,500 per year?

Mr. McCANN: Information of the nature requested can only be provided for 1941 and subsequent years and is only complete for the years 1941 and 1942. As the figures are derived from statistics relating to taxpayers there is an unavoidable understatement in the lowest income classes due to the exemption levels applying to married taxpayers which were $1,500 in 1941 and $1,200 in 1942. Married persons with incomes below these levels would not be included. Subject to this important reservation, the requested figures are contained in the following estimated table:

Income After Tax	Estimated Number of Taxpayers 1941	1942
Over $25,000	621	558
$10,000-$25,000	5,005	5,771
5,000- 10,000	27,373	32,178
2,500- 5,000	105,896	192,357
1,000- 2,500	567,114	1,166,826

IMMIGRATION

Mr. CASTLEDEN:

1. How many applications have been received from individuals in each of the provinces for admission of relatives in Europe to Canada since September 30, 1945?

2. How many immigrants, exclusive of dependents of servicemen, have been granted admission to Canada as of April 15, 1947?

Mr. GLEN:

1. Information not available.

2. 36,873 immigrants exclusive of servicemen's dependents were admitted to Canada between September 30, 1945, and March 31, 1947. Figures for the period subsequent to the last mentioned date are not yet available.

WARTIME HOUSING LIMITED— SASKATCHEWAN

Mr. McKAY:

1 How many houses have been constructed or are under construction in Canada by wartime housing corporation, since January 1, 1947?

2. How many of these houses have been erected or are in course of erection in Saskatchewan?

Mr. McILRAITH:

1. 2,763 housing units have been completed by Wartime Housing Limited between January 1, 1947 and May 3, 1947. This figure includes housing units the construction of which was started during 1946.

1,857 housing units were under construction by Wartime Housing Limited as of May 3, 1947.

2. 361 housing units have been completed by Wartime Housing Limited in the province of Saskatchewan between January 1, 1947 and May 3, 1947. This figure includes housing units the construction of which was started during 1946.

284 housing units were under construction by Wartime Housing Limited in Saskatchewan as of May 3, 1947.

AIRPORT CUSTOMS REGULATIONS

Mr. THATCHER:

1. Are customs services given without charge to American planes at Canadian airports?

2. Are similar services given by American airports to Canadian planes free of charge? If not, what charges are made?

3. Has the government attempted to make a reciprocal agreement with the United States regarding airport customs regulations?

4. If so, with what success?

Mr. McCANN:

1. Planes owned or chartered by private individuals and entering Canada for purposes of health or pleasure are given Canadian customs service without charge except in certain rare instances when they are required to pay for a taxi or other special transportation to bring the customs officer to the airport.

Commercial planes opearting on scheduled runs are given free Canadian customs service during "authorized hours" of attendance at international airports. They are subject to overtime charges outside of such regular hours and in certain cases are required to provide free transportation for customs officers.

2. No information.

3. The Canadian government is fully represented at the International civil aviation organization, which is presently engaged in considering international standards and recommended practices on customs, immigration, sanitary and related matters facilitating international air transport.

4. Standards and recommended practices have already been adopted and approved by a number of member states. Canada has already acted on some of the standards and practices recommended.

WAR ASSETS—PROPERTY AT FORT RAMSAY, QUE.

Mr. DANIEL:

1. Has any land or buildings located at Fort Ramsay, Gaspe, Quebec, been sold by war assets corporation?

2. If so, to whom, and at what price?

Mr. McILRAITH:

1. Yes. Sixty-seven buildings and one water tank have been sold but no land has been disposed of.

2. To the following purchasers at prices indicated:

(a) Buildings Nos. 5, 6, 23, 24, 30, 32 and 52, to the government of the province of Quebec for $6,761.60

(b) Buildings Nos. 3 and 8, to the government of the province of Quebec for $17,000. These buildings were sold for use at their present location. The land involved was leased to the province and the lease contains a provision that the dominion government may reclaim the land in the event of a war or a national emergency.

(c) Buildings Nos. 1, 7, 9, 31, 46 and a woodstave water tank, to the government of the province of Quebec for $7,120, under the same conditions of sale as outlined in (b) above.

(d) Five buildings, to the dominion department of Public Works for $953.

(e) Six buildings, to the Co-operative d'Electricite de Gaspe Sud for $9,200.

(f) Two buildings, to Mr. Henri Laforest, the owner of the land on which they are located, for $300. The land had been leased to the crown and the sale was part of the lease settlement.

(g) Building No. 56, to Mr. Raymond Trachy for $205.

(h) Thirty-seven buildings, to Sasseville & Laroche for $32,200.

(i) Two buildings, to Shell Oil Company of Canada Limited for $670.

Note: The buildings described in 2(a), (d), (e), (g), (h) and (i) above were sold for removal from their present sites with the condition that the purchasers restore the land to its original condition.

INCOME WAR TAX ACT—UNIFORMITY OF PROVISIONS—EXCHANGES OF STAFFS

Mr. WINKLER:

1. What action has the government taken to ensure uniformity of application of the provisions of the Income War Tax Act as these affect the farmers of the different provinces?

2. Does any exchange of staff take place between the Manitoba office and the Ontario and Quebec offices?

Mr. McCANN:

1. Meetings of the staff have taken place from time to time at which the various problems and matters of interpretation have been reviewed with a view to achieving uniformity. Further meetings will be held in the near future.

2. Occasional exchanges have taken place in the past. These will be more frequent in the future, especially when housing conditions improve.

PARI-MUTUEL TAX

Mr. MacNAUGHT:

What amount was collected by the government from pari-mutuel tax since the inception of the tax by (a) provinces; (b) years?

Mr. McCANN:

EXCISE DIVISION.

Statement showing the amount collected by the government from pari-mutuel tax since the inception of the tax by (A) provinces (B) years.

(A)	1941–42	1942–43	1943–44	1944–45	1945–46	1946–47	Totals
Nova Scotia	$ 1,853.40	$ 4,384.66	$ 7,271.32	$ 9,985.00	$ 15,869.55	$ 20,286.80	$ 59,650.73
Prince Edward Island	3,029.90	3,776.70	6,007.00	8,655.50	12,479.90	14,269.10	48,218.10
New Brunswick	.....	78.20	279.20	1,430.40	4,407.95	6,180.70	12,376.45
Quebec	48,590.35	49,902.85	80,405.40	93,442.75	104,856.30	68,510.90	445,708.55
Ontario	705,450.76	872,044.62	1,087,860.01	1,171,727.34	1,343,884.29	1,587,652.17	6,768,619.19
Manitoba	104,668.30	119,964.80	159,890.45	173,787.55	193,964.30	225,479.65	977,755.05
Saskatchewan	21,300.75	19,487.75	22,068.45	30,347.45	36,054.35	41,865.62	171,124.37
Alberta	46,017.80	36,394.40	38,422.20	106,277.65	133,485.55	161,277.35	521,874.95
British Columbia	150,896.75	181,297.15	280,341.30	308,440.85	342,966.70	384,689.60	1,648,632.35
Yukon Territory	.....	.....	.....	.....	.....	.....	.....
(B) Totals	$1,081,808.01	$1,287,331.13	$1,682,545.33	$1,904,094.49	$2,187,968.89	$2,510,211.89	$10,653,959.74

HOUSING—VETERANS LAND ACT—STRATFORD, ONT.

Mr. BRADSHAW:

1. Are any houses being constructed at Stratford under V.L.A.?
2. If so, when will they be ready for occupancy?
3. Is work now proceeding on these houses?
4. If not, are the houses now considered finished?
5. If so, why are they not being put to use?

Mr. TUCKER:

1. Yes.

2. With exception of very small amount of painting, houses are completed and can be allocated as soon as arrangements are made respecting water and sewage disposal. Matter is under negotiation with city of Stratford.

3. Yes.

4 and 5. Answered by No. 2.

DISEASE IN NOVA SCOTIA BIRCH

Mr. WINTERS:

1. Has the serious situation respecting the disease prevalent in Nova Scotia birch come to the attention of the Department of Reconstruction and Supply?

2. Has the federal government been requested by the Nova Scotia government to relax export restrictions on Nova Scotia birch, and, if so, when will action be taken?

Mr. McILRAITH:

1. Yes.

2. Yes. The dominion government was requested to relax the export controls on infested birch. This was refused because of the difficulty of differentiating between lumber cut from infested trees and lumber cut from healthy ones and, also, the need of protecting Canadian consumers. Instead, a proposal was made to the government of Nova Scotia that if the cut of birch this year exceeded that of last year, 75 per cent of this excess could be exported. See also statements by the minister at page 2539 of *Hansard* for April 29, 1947.

PERMANENT FORCE BANDS

Mr. KIDD:

1. How many permanent force (silver or brass) bands are at present on the strength of the permanent forces, army, navy or air?

2. Where are they now located and what is the present strength of each unit?

Mr. LAPOINTE:

1. Navy, 3; army, 3; air force, 3.

2.

Service—Location—Present Strength

Navy—H.M.C.S. *Naden,* Esquimalt, 24; H.M.C.S. *Stadacona* Halifax, 11; H.M.C.S. *Warrior,* (Seagoing), 10.

Army—Shilo Camp, Manitoba, 23; Brockville, Ontario, 25; Quebec, P.Q., 23.

Air Force—Ottawa, Ontario, 39; Toronto, Ontario, 30; Edmonton, Alberta, 30.

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

Mr. KNOWLES:

1. What was the total national income of Canada for (a) 1930; (b) 1933; (c) 1936; (d) 1939; (e) 1942; (f) 1943; (g) 1944; (h) 1945; (i) 1946 and how is said total national income defined?

2. What was the gross national product for each of the above years and how is said gross national product defined?

3. How much was received by persons in Canada (a) as wages; (b) as salaries; (c) as interest, dividends, etc., in each of the above years and what was the total number of persons who received the amounts indicated in the answers to (a), (b) and (c) of this question?

4. What is the estimated total national income and the estimated gross national product for 1947?

Mr. MacKINNON:

1. National income is defined by the dominion bureau of statistics as the earnings of Canadian residents in productive activities, including salaries and wages, military pay and allowances, investment income, and net income of agriculture and other individual enterprise. On the basis of methods now in use, estimates are as yet available only for 1938 and subsequent years. Estimates of years prior to 1938 are available on an older basis which was discontinued after 1944. The older estimates are not comparable with the present ones.

	National income (millions of dollars)	
	Basis now in use by Dominion Bureau of Statistics	Older basis now discontinued (not comparable with previous column)
(a) 1930	not available	$4,452
(b) 1933	not available	2,723
(c) 1936	not available	3,827
(d) 1939	$4,221	4,570
(e) 1942	8,277	8,044
(f) 1943	9,069	8,724
(g) 1944	9,685	9,186
(h) 1945	9,587	not available
(i) 1946	9,212	not available

2. Gross national product at market prices is defined as the value of all goods and services produced in a year by the labour, capital and enterprise of Canadian residents measured by a consolidated account of all costs involved in their production. These costs include salaries and wages, military pay and allowances, investment income, and the net income of individual enterprise as well as indirect taxes less subsidies, and depreciation allowances. Purchases of goods and services by one business from another are not included in this compilation. Estimates of the gross national product are available only for 1938 and subsequent years.

	Gross national product (millions of dollars)
(a) 1930	not available
(b) 1933	not available
(c) 1936	not available
(d) 1939	$ 5,495
(e) 1942	10,296
(f) 1943	11,124
(g) 1944	11,771
(h) 1945	11,478
(i) 1946	11,129

3. Salaries and wages received by persons in Canada have not yet been estimated as separate totals but only in a combined total. Interest, dividends, etc., received by persons in Canada are called investment income but estimates of these amounts include also the profits of governmental and private corporations.

	(a) and (b) salaries and Wages	(c) Investment income including interest, dividends, etc.
	(millions of dollars)	
(a) 1930	not available	not available
(b) 1933	not available	not available
(c) 1936	not-available	not available
(d) 1939	2,540	782
(e) 1942	4,233	1,765
(f) 1943	4,790	1,809
(g) 1944	4,969	1,785
(h) 1945	4,865	1,916
(i) 1946	5,112	1,776

The total number of persons receiving salaries and wages in 1946 may be estimated as follows:

November 17, 1945	3,070,000
February 23, 1946	3,073,000
June 1, 1946	3,202,000
August 31, 1946	3,323,000
November 9, 1946	3,375,000
March 1, 1947	3,277,000

These estimates are obtained by deducting from the total labour force the following groups: own account workers, employers, unpaid family workers and persons seeking

work who have never had a job. Unemployed wage earners, though not working on the dates given, were almost all working at one time or another in the course of the year.

Information prior to 1945 is only available for census years. The number of persons in receipt of interest, dividends, etc., have not been estimated for any date.

4. Statistical information is not yet available for the estimation of total national income and gross national product in 1947. The Minister of Finance presented an advance estimate of gross national product for 1947 in the budget speech (*Hansard,* Tuesday, April 29, 1947, page 2545).

SUGAR—CONSUMPTION FOR DIFFERENT PURPOSES

Mr. NICHOLSON:

Of the total quantity of sugar consumed in Canada last year, what percentage was used (a) for household use; (b) by bakeries; (c) by soft drink manufacturers; (d) by jam and marmalade manufacturers; (e) for the production of wine; (f) for all other purposes?

Mr. MacKINNON: Total quantity of sugar consumed in 1945: lbs. 947,135,428.

	per cent
(a) household (See item (h))....	
(b) bakeries	4·8
(c) soft drinks	6·0
(d) fruit and vegetable preparations	8·4
(e) wine	0·9
(f) biscuits and confectionery	10·5
(g) other manufacturing industries	6·3
(h) all other purposes (household use, hotels, etc.)	63·1
	100·0

EGG FLATS AND FILLERS

Mr. BENTLEY:

1. Are egg flats and fillers manufactured anywhere in Canada?

2. If so (a) where; (b) from what material?

Mr. MacKINNON:

1. Yes.

2. (a) Brantford, Ont., Trenton, Ont., St. Boniface, Man., Victoria, B.C.

(b) Materials used:

Ground wood.

Paper board.

EXPORTS OF FEED GRAINS

Mr. ROSS (Souris):

1. What amount of malting barley has been exported to the United States of America or other countries since January 1, 1947, to date?

2. What amounts of feed grains have been exported to the United States of America or other countries since January 1, 1947, to date?

Mr. MacKINNON:

1. Malting barley is not separately classified in trade statistics. Exports of barley of all kinds during the period January 1 to April 30, 1947, were as follows: To United States, 64,268 bushels; to other countries, 423,686 bushels.

2. Feed grains are not separately classified in trade statistics. Exports of grains of all grades during the period January 1 to April 30, 1947, were as follows:

	To United States	To Other Countries
	Bushels	Bushels
Corn	33,792	51,464
Oats	984,228	5,059,485
Rye	168,012	812,135
Wheat	37,103	37,382,005

POST OFFICE SEALS

Mr. HENDERSON:

1. Did the post office department call for tenders for two million post office seals?

2. If so, what was the name of the successful tenderer?

3. What was the price per M paid for the seals?

Mr. BERTRAND (Laurier):

1. Yes.

2. Mayer Sealing Devices Reg'd., Montreal.

3. $2.60 per 1,000, sales tax included, f.o.b. Post Office Department, Ottawa.

CANADIAN PACIFIC RAILWAY SHARES

Mr. KNOWLES:

1. How many ordinary shares of the Canadian Pacific Railway Company were acquired by the Canadian government following world war I?

2. How many ordinary shares of the Canadian Pacific Railway Company are now in the possession of the Canadian government?

3. Does the Canadian government hold any Canadian Pacific securities other than those referred to above?

Mr. MAYHEW:

1. 20,000 shares.

2. 20,000 shares.

3. No.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NATIONAL HOUSING ACT—SASKATCHEWAN

Mr. McKAY:

How many houses (a) have been constructed; (b) are under construction, in (i) Canada (ii) Saskatchewan, under terms of the National Housing Act?

Mr. McILRAITH: Return tabled.

MILK AND BUTTER SUBSIDIES

Mrs. STRUM:

1. What were the amounts paid out year by year from 1939 to 1947 to maintain the milk subsidy on (a) the producer subsidy; (b) the consumer subsidy on fluid milk; (c) milk being used for butter production?

2. What were the amounts paid out year by year from 1939 to 1947 to maintain the butter subsidy?

TRANSPORT COMMISSION—EXPENSES OF COMMISSIONERS

Mr. CRUICKSHANK:

1. How much has been paid annually to each member of the transport commission since his appointment, for expenses?

2. Are the members of the transport commission provided with a private car?

NATIONAL FILM BOARD

Mr. FRASER:

1. What departments of the government arranged with the National Film Board for films during (a) 1946; (b) first four months of 1947?

2. What films were ordered by each department?

3. What was the total cost of taking, producing, etc., each of these films?

4. Were any of these films produced by outside film companies?

5. If so, by what firms and what was the cost of same?

Mr. McCANN: Return tabled.

MOTIONS FOR PAPERS

IMMIGRATION—PERSONS OTHER THAN SOLDIERS AND THEIR DEPENDENTS

Mr. CASTLEDEN:

For a copy of all orders in council, correspondence, letters, telegrams and other documents in the possession of the departments of Mines and and Resources and Labour, relating to the entry into Canada of immigrants other than soldiers and their dependents from June 30, 1946, to date.

Mr. CASTLEDEN: The department concerned has agreed to give the essential information in reply to another address. I would therefore ask that this motion be dropped.

Motion dropped.

CORRESPONDENCE WITH FRED ROSE

Mr. BENTLEY:

For a copy of all correspondence exchanged between Fred Rose and the Department of Justice and/or the Minister of Justice since October 31, 1946?

Mr. ILSLEY: May I ask that this stand until I find out whether there was any correspondence. I do not think there was.

Motion stands.

[Mr. McIlraith.]

BUSINESS OF THE HOUSE

INQUIRY AS TO FURTHER LEGISLATION TO BE INTRODUCED

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I should like to direct a question to the Prime Minister having to do with government legislation not yet introduced. From time to time members of the government have intimated that there is further legislation not yet introduced. My question is whether tomorrow or as soon as practicable the Prime Minister or someone on his behalf will give the house a statement with respect to legislation notice of which has not yet been given.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I may say that my colleagues and I have been considering the remainder of the legislation for the session, and I hope to be able to give the house a full statement not later than Thursday of this week. There is a good deal of legislation still outstanding, and I purpose therefore today to have a notice placed in the *Votes and Proceedings* asking the house to consider giving up the hour devoted to public and private bills on Tuesday and Friday evenings, and to begin Wednesday evening sittings. I hope hon. members will give careful thought to what is involved. We are now only a few weeks away from the 1st of July. If the house is to get through with the work it has to do before we get well on into the summer, some of these changes will have to be made.

Mr. BRACKEN: Did I understand the Prime Minister to suggest that he would ask us to sit Wednesday evenings as well?

Mr. MACKENZIE KING: Not this Wednesday evening, but a week from Wednesday.

LABOUR CONDITIONS

COAL STRIKE IN THE MARITIMES—BASIS OF SETTLEMENT

On the orders of the day:

Mr. MATTHEW MacLEAN (Cape Breton North-Victoria): I should like to ask the Minister of Labour what progress has been made in the settlement of the strike now in progress amongst the coal miners of the maritimes.

Hon. HUMPHREY MITCHELL (Minister of Labour): In reply to the hon. member for Cape Breton North-Victoria, the hon. member for Cumberland (Mr. Black) and also the hon. member for Cape Breton South (Mr.

Gillis), who I understand would want to ask a similar question had he been in the house, may I say that the proposed basis of settlement reached by the negotiating committee of the union and the company, which is subject to approval by the miners themselves, is as follows:

(a) For continued operation of the mines until the end of the contract year, January 31, 1948;

(b) An immediate wage rate increase of $1 per shift;

(c) Cooperation by the union and the employees in every way possible to increase the tonnage production, equal at least to the pre-war rate of production by reducing absenteeism and increasing efficiency. In this connection, it is understood, of course, that to bring about this result there will have to be very close cooperation between the employer and the employees;

(d) For a review of production at the end of a six months' period, at which time, if production has been increased to the stipulated level of the agreement, an additional forty cents per shift will be made to the employees;

(e) For the settlement of other matters of a minor nature which were in dispute.

I sincerely hope that the miners themselves will vote in favour of acceptance of the terms of the settlement.

Mr. BLACK (Cumberland): Mr. Speaker, I do not think I am out of place in thanking the minister on behalf of all Nova Scotia for his efforts in settling this dispute.

IMMIGRATION—WORKERS FOR QUEBEC TEXTILE INDUSTRY

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to direct a question to the Minister of Labour of which I have not given him notice. Has his attention been drawn to an article in *Time* under today's date dealing with the immigration into Canada of workers for the textile industry in Quebec? If so, is it correct that the wages to be paid are twenty cents per hour and that $6 per week is to be deducted for board, leaving these people $3.60 per week for everything else that they will need?

Hon. HUMPHREY MITCHELL (Minister of Labour): I can take care only of my own jurisdiction. The enforcement of the minimum wage laws of the province of Quebec comes under the provincial government. When I replied to a question the other day I said that the prevailing rate of wages would be paid. Frankly I do not know what are the prevailing rates in that area.

Mr. COLDWELL: We should know that before admitting people into the country.

Mr. MITCHELL: I am trying to look after my own jurisdiction. My hon. friend is very jealous about the province from which he comes and I take it that the kind people in Quebec are in the same category with respect to the administration of the various laws of that province. The order in council laid down quite clearly that the prevailing rate of wages in the district to which these people go should be paid.

NEUROLOGICAL RESEARCH

QUESTION OF ASSISTANCE TO MONTREAL NEUROLOGICAL INSTITUTE

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): I should like to direct a question either to the Prime Minister or to the Minister of National Health and Welfare (Mr. Martin). In view of the financial crisis facing the Montreal neurological institute, and in view of the service being rendered by this institute, both to Canada and the entire world, particularly in the field of research, will the government say whether sympathetic consideration is being given to a federal grant to meet the situation outlined by Doctor Penfield on Friday last?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I may say to my hon. friend that the government considered this matter some little time ago and has considered it favourably. When the supplementary estimates are brought down, or at some other appropriate time, an announcement will be made as to the manner in which government assistance will be forthcoming.

OLYMPIC GAMES

RELATION OF CANADA TO OLYMPICS COMMITTEE—APPOINTMENT OF MEMBERS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): On Thursday last the hon. member for Lake Centre (Mr. Diefenbaker) asked two questions with regard to the Canadian Olympic association, which he agreed to have stand as notice. The first question was as to whether the people of Canada contribute to that committee. The answer is that while the major part of the revenues of the Canadian Olympic association are raised by voluntary contributions from individuals and com-

panies in Canada, the provincial governments provide certain grants, and since 1920 the federal government has provided financial assistance to meet the expenditures for Canadian participation in the Olympic games every four years. The association has estimated that their total expenditure for the 1948 Olympic games will amount to $125,000, and the government has been asked to contribute $35,000 towards this amount. Of this contribution, $17,500 would be made payable in 1947 and a similar amount in 1948. The government will recommend in the supplementary estimates the payment of these amounts as requested.

The second question the hon. member asked was:

Does the government in any way recommend any of the appointments made in connection with it?

The short answer to this question is no. The Canadian Olympic association is a committee of the amateur athletic union of Canada, which is made up of representatives of the national bodies concerned with various branches of amateur sport. As such, the committee is a purely voluntary and non-official organization. The only connection which the federal government has with the Canadian Olympic association is indirectly through the national council of physical fitness. This council, which is appointed by the governor in council under the National Physical Fitness Act, is made up of one representative recommended by each provincial government and a representative named as chairman by the federal government. The national council of physical fitness was asked last year to send a representative to the meetings of the Canadian Olympic association, and Doctor W. C. Ross of Halifax was named for this purpose.

Mr. RICHARD (Ottawa East): With reference to the statement made by the Prime Minister this afternoon, will the government consider advising Barbara Ann Scott not to compete in the Olympics?

Mr. MACKENZIE KING: May I say that I think there has been altogether too much said on this matter already. For Barbara Ann's sake and the sake of sport generally, I think it would be well if further discussion of the matter were dropped.

Mr. COLDWELL: This is not the proper place to deal with such matters.

Mr. CRUICKSHANK: May I say that we still think in British Columbia that Barbara Ann should have everything that is coming to her.

[Mr. Mackenzie King.]

NEWFOUNDLAND

PROPOSED VISIT OF DELEGATION TO CANADA

On the orders of the day:

Mr. GORDON GRAYDON (Peel): May I ask the Secretary of State for External Affairs if there is any further word with respect to the projected delegation of Newfoundlanders who were to come here to meet this government?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Communications are being exchanged at the present time to select a date which would meet the mutual convenience of the representatives of Newfoundland and of those here who will have to participate in the conference. On Friday representations were sent to the high commissioner in St. John's, Newfoundland, asking him to put them before the Newfoundland representatives and to let us have their comment upon them.

Mr. GRAYDON: Will it be while parliament is sitting?

Mr. ST. LAURENT: That is one of the matters upon which their comment has been invited. The hope had been expressed that the meeting might be early in June. We have not been able to state at what time the session of parliament will be concluded. We are giving them the information we have about the dates that might be available and convenient, and we are asking them to let us know what their preference would be.

DOMINION ELECTIONS

HALIFAX BY-ELECTION—NOMINATION OF J. H. DICKEY

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I should like to address a question to the Secretary of State, who I understand is in charge of elections in Canada. In view of the great interest displayed by the hon. member for Vancouver-Burrard (Mr. Merritt) in the Halifax by-election, is the minister aware that the biggest and most enthusiastic convention in the history of the maritimes last Friday nominated J. H. Dickey, who will win the election?

Hon. COLIN GIBSON (Secretary of State): I have not received a report of the convention.

IMPORT AND EXPORT CONTROLS

VISIT OF GRAHAM TOWERS TO ENGLAND

On the orders of the day:

Mr. ALAN COCKERAM (York South): I should like to direct a question either to the

Prime Minister or the Minister of Finance. In view of a Reuters despatch from London, published in the Ottawa *Journal* of Friday last, to the effect that the purpose of the flying visit of Mr. Graham Towers to England was to discuss, first, a second loan from Canada; second, reimposition of certain Canadian wartime import and export controls in an effort to stabilize Canada's position should the world dollar crisis become more serious, is the Prime Minister or the Minister of Finance prepared to make a statement to the house at this time?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I may say to my hon. friend that the Minister of Finance is unavoidably absent today but he will be in the house tomorrow and I know the minister has in mind answering that question at that time.

HUMAN RIGHTS

FUNDAMENTAL FREEDOMS—OBLIGATIONS UNDER UNITED NATIONS CHARTER—APPOINTMENT OF JOINT COMMITTEE

The house resumed from Friday, May 16, consideration of the motion of Mr. Mackenzie that the house go into committee on a resolution for the appointment of a joint committee of both houses of parliament to consider the question of human rights and fundamental freedoms.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I rise to conclude the remarks I was making when the house adjourned on Friday evening, but before I do so may I in a sentence or two express my gratitude to the Prime Minister (Mr. Mackenzie King) and the government for the announcement made this afternoon with respect to the Montreal neurological institute. I am sure that all those who know anything about the work of this institution, particularly its work in the field of research and what it means to human kind, will feel proud not only that Canada has such an institution within our boundaries but that the government is now prepared to render the financial assistance that has been announced this afternoon.

When I was speaking on Friday evening in the course of this debate I made clear my whole-hearted support of the contention that the time has come for getting down in black and white the freedoms and the liberties that we so cherish in this democracy. As part of my argument I recounted some of the threats to liberty which we have experienced in recent years and which now make it necessary to set aside the negative precedents that we have had by a clear declaration of the rights of Canadians. As I concluded on Friday evening I suggested that, in addition to the obvious threats to our liberties, there are other threats perhaps not so obvious but, in my view, even more sinister.

I think, first of all, of the confusion of thought that exists with reference to this whole question of liberty and freedom. I regret to do so, but I am bound to say I felt that that confusion was exhibited by the Minister of Veterans Affairs (Mr. Mackenzie) who introduced this motion. We all enjoyed the fine speech that he made, and we could not help but feel that he spoke with deep emotion and with a deep love for the concept of liberty and freedom. Yet somehow or another it is possible for that same minister not to realize the danger there is to freedom when we put upon our statute books a law that denies to certain Canadian citizens, merely because of their Japanese racial origin, rights enjoyed by others. That confusion exists in a number of ways in this country, and the tragedy is that it is found not amongst those who do not care about liberty but amongst those who claim to espouse its cause. We have, for example, people who say they want to preserve our democratic traditions and the heritage we have gained from the people across the seas, particularly in the United Kingdom, and yet they want to deny freedom of speech to people who may hold differing political ideas. We in this group have no use, for example, for the communist party in this county or for the things that they would try to do. But we want to make it quite clear that if you are going to stand for freedom of speech you have to stand for it in all cases. Certainly anyone who breaks the law should be treated accordingly. Certainly anyone who advocates the overthrow of democracy by force is going beyond the bounds of free speech, but within those bounds we suggest that to deny freedom of speech is to scuttle the whole principle for which democracy stands.

I am sure that most of us in this house were disturbed over the week-end by the reports that came from Toronto of people there who felt that the great singer, Paul Robeson, should be denied the chance to speak in the midst of a concert that he was giving there on Saturday night. No matter how it is dressed up; no matter how one tries to say it was a concert and not a public address, the fact is that the news has gone around the world that an attempt has been made in Canada to deny Paul Robeson the

right to speak. That is a matter of shame for all of us, Mr. Speaker, and I suggest that incidents like that make it doubly clear how necessary it is for us to establish this committee and also how necessary it is for the committee seriously to consider recommending a definite declaration of rights for our Canadian people.

Having made it as clear as I can that I support actively and aggressively without any reservation those who, like the hon. member for Lake Centre (Mr. Diefenbaker), press the necessity of maintaining and preserving our traditional freedoms, I want to go on and say that it seems to me that we must now move further. In my view, freedom today is threatened principally on a different front from what has been the case in the past. Freedom is threatened today by the tyranny of economic processes which doom hundreds of thousands, yes, millions of people to a lesser life than that to which they are entitled. The great charters of freedom which we have had in the past and to which reference has so fittingly been made in the course of this debate all came out of precise situations. They expressed the desire of mankind at a particular stage in his development to win his freedom from a certain kind of oppression which was bearing down upon him at that particular time. Freedom is not an abstract, nebulous thing. Freedom to human beings means freedom from whatever tyranny would enslave man at that particular time. So it was with Magna Carta, so with the Bill or Rights, so with the declaration of independence, so with the declaration of rights of 1789 and so on. It is still true that we must guard against the tyranny of the state, as was the case with all those declarations. But it is also true that in our world today we have another kind of tyranny which is even worse than that which our grandfathers and those who came before us experienced. One of the beginnings of that realization was high-lighted in the enunciation of the four freedoms when it was declared that, in addition to freedom of speech and of religion and of assembly, we must also have freedom from fear and freedom from want.

I have used the illustration before, and perhaps I might be permitted to use it again, that our grandparents in this country twenty-five, fifty and seventy-five years ago lived economically at a level much below ours today. They struggled with the elements and with primitive means of agriculture and industry. In their day the main freedom they required was freedom from the interference of the state and freedom for Canada in terms of responsible government. We still need those freedoms. But for us, and particularly for our children and our grandchildren, there is something else. Even if they have freedom from domination of the state, they will not really be free unless there is economic freedom, unless the people have an opportunity to live in the kind of homes which make possible healthful and decent living standards, unless all children born in this country have an opportunity for equal education, and for all such education as they are capable of taking. People will not be free unless there is security aganist unemployment and against having their whole lives mortgaged by the expenses of hospital and doctor bills. In particular, they must have security in their old age.

Our grandfathers did not have to worry so much about economic forces. They were all together in the battle against nature, the battle against the conditions of that day, with the primitive means at their hand. But our children and our grandchildren are up against forces of an economic nature over which, as individuals, they have no control.

It is still true that the state must not dominate the individual; but it is not good enough just to say that the state must be pulled off. The state also has a responsibility to individuals to see to it that their freedom and their fundamental rights are not interfered with.

I know that this poses a real problem for our day, and for the generation which succeeds us. The problem is one of how to achieve security without losing one iota of freedom. I have already admitted it will be a task. We shall have to carry forward the eternal vigilance which has always been the price of freedom. But the tragedy today, as I see it, is that so many people who espouse the cause of freedom take it for granted that it is a choice between freedom on the one hand and security on the other. This is portrayed before us in ideological terms. We have had it suggested that there is no other choice than one between the supposed freedom of western capitalism without security and the supposed security of soviet communism without freedom. But one of the most sinister threats to freedom today is the confusion of thought which takes that view and stops there. If we are to think this thing through we shall come to the place where we shall realize that neither is satisfactory, and that it is not a choice of either security or freedom; they go together or both will be lost.

I want to make my position perfectly clear, that if that choice had to be made I would choose freedom, and use that freedom to fight for security, rather than give up my freedom for the purpose of attaining security. But that

is not the choice. What we must move on to is that kind of society in which we maintain the freedom of the individual, not just by pulling the state off, but by using the state as an instrument of the people as a whole to protect the people against the economic forces, not only in a negative manner, but in a positive way, in the sense that it is the job of the state to provide for the economic advancement and improvement of the life of our people.

This is a tremendous task that is on our hands. What we are taking part in just now is not merely a series of speeches concerned about the preservation of the freedoms which have come down to us from the past. Yes, we can wax eloquent about them. But we have got more than that. We are breaking new ground in our day and generation. Let us look to the future and realize the tremendous opportunity that is ours to move on to the achievement of freedom with security. Ours is the chance to achieve something much greater than was ever dreamed of in 1215, or 1689, or 1776, or 1789; or through the 19th century. I submit that freedom with security provides a goal worth the eternal vigilance which is its price, a goal toward which our destiny impels us. We should be content with nothing less.

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, first of all I should like to express a word of appreciation to the Minister of Veterans Affairs (Mr. Mackenzie) who introduced this resolution. I felt that he spoke with a great deal of eloquence and feeling, and also gave a most inspiring and instructive speech.

The resolution is most comprehensive in its scope. It is to consider the question of human rights and fundamental freedoms, and the manner in which those obligations accepted by all members of the united nations may best be implemented. It is also to consider Canada's legal and constitutional situation with respect to such rights, and also what steps, if any, should be taken or recommended for the purpose of preserving in Canada respect for and observance of human rights and fundamental freedoms.

I should like to commend the government for the scope of the resolution. Under its terms the committee will be in a position to consider what in this day and age may be taken as human rights and fundamental freedoms, and what can be done to have them more strongly established in Canada. So far as I am concerned, if anything can be done to make them safer and more secure in this country, I would feel the committee would be well justified in taking the necessary action.

One of the significant statements made by the minister which, I believe, is not sufficiently realized in Canada, is that the various enactments and bills of right, including Magna Carta, had actually only the force of acts of parliament; no more. Any subsequent parliament could repeal any of the rights laid down in any of those historic documents. Parliament at any time could have repealed any of the rights laid down in Magna Carta. There seems to be a lack of appreciation of that fact, and it seems to many as if there are some fundamental freedoms guaranteed to the British people which cannot be taken away from them by their parliament.

As any student of constitutional history knows, parliament in the United Kingdom has power to take away any rights whatever from a citizen of the United Kingdom, including even the right of life itself. Bills of attainder have been passed which did that very thing, namely deprived men of their lives and property. And, so far as the constitution of Great Britain is concerned today, there is nothing to prevent the passage of an act of that kind. So that parliament today in Great Britain still remains all-powerful, with a power over life, liberty and property of the subject.

That principle has been more or less followed in Canada. Some people think that, because we have decisions based upon our constitution, and that because from time to time acts are declared ultra vires, we have a constitution like that of the United States. My understanding of our constitutional position is that, outside of the rights given in the British North America Act in regard to the use of two languages in parliament and otherwise, and in respect of the education of minorities, the whole effect of the British North America Act was to divide legislative jurisdiction between the provincial and federal governments. The idea was to be that in their respective spheres of influence the parliament of Canada or the legislatures of the provinces were to be as all-powerful in their control over the citizens as the parliament of England is over its citizens.

The only qualifications I would make of that, to conform with the position today, would be these: first, we have not taken the right to amend our own constitution. In fact, in our own constitution, as laid down in the British North America Act and amendments, and as completed by the Statute of Westminster, it has been laid down that we have no right in this parliament to amend it. The constitution also provides that, so far as the provinces are concerned in the exercise of their jurisdiction, they are liable to have their

rights in regard to the passing of any law within their purview disallowed, so that such laws may be disallowed by the government of Canada as a whole. Outside of that, under the Statute of Westminster today, this parliament and our legislatures are supreme with respect to the right to legislate touching all these matters.

I understood that the hon. member for Lake Centre (Mr. Diefenbaker), in discussing this matter, was satisfied that that state of affairs should continue, and that was about the only part of his main contention with which I myself did not agree. On page 3158 of *Hansard*, he said:

> It might be argued that another government, another parliament, can revoke a bill of rights passed by parliament. True; but has not history shown that when laws are put upon the statute books, having the support of a vast majority of the people, they stay there?

That has been the tendency in the past, but I am not so sure that it is a sufficient guarantee today that, should we pass such an act of parliament, some parliament that succeeded us might not immediately cancel it. I have a feeling that we should go farther than that. Are there not rights so fundamental that they should not be interfered with by a majority in this parliament, which might not represent a majority in the country at all? We know there is the possibility of having a tremendous majority in support of a certain party for certain ideas in this parliament, which was elected by much less than a majority in the country. That is quite possible, and should all rights be subject to the will of a particular parliament, acting as it might be not in accordance with the will of the people, but only in accordance with a minority?

That very problem was faced by the people of the United States, and they decided that there were certain fundamental rights which inhered in the people themselves and that they should not be subject to be taken away from them by the members of congress—certain rights to liberty, the right not to be proceeded against by the government, certain rights such as we have in Magna Carta. They felt that congress should not be able to take these rights away from the individual by a majority vote, but that these rights could be taken away only by a change in the constitution, which would require a demonstration that an overwhelming part of the people in the United States desired to have such rights interfered with.

This is provided for by requiring that there must be a two-thirds majority in congress and that three-quarters of the states in the United States must agree to any change

of that kind before these rights can be interfered with. Many people say that our system has worked better than the system in the United States in protecting fundamental rights and human liberties. They say that too much faith can be put in written constitutions, that if people know that the parliament they elect can take away all their rights from them, they will be more careful about the kind of parliament they do elect, whereas if they feel that parliament cannot touch their rights they will be more careless in the sort of parliament they elect, knowing that it cannot entrench so far upon their rights.

Again, other people suggest that a constitution is of no value if the government becomes too powerful. They cite the constitution of the Soviet Union, which guarantees all these fundamental rights and freedoms, but which no individual citizen of the Soviet Union can enforce because the government has become all-powerful.

These are, of course, arguments which this committee will take into consideration. But what is going on in the world today in regard to this great question of the rights of the individual? I have mentioned the Soviet Union. No one will say that there are any real fundamental rights or freedoms that can be enjoyed under the control of the Soviet Union, and why is that so? It is because the government of the Soviet has become so powerful that, no matter what rules have been written into the constitution, they cannot be enforced against the government.

Throughout the world today there are those calling themselves communists who are working to have the same sort of system established everywhere. We know that the United States is worrying now about how to stop the spread of that system throughout the world.

There are others who advocate a system of complete socialism, who advocate the state owning and controlling all the means of production, all the means of distribution, whereby the state would be so powerful that the citizen in such a state would be very much in the same position as the citizens of Soviet Russia. The question, then, arises: What powers should you give to the state to act by a mere majority in parliament? If it is true that, should the state take control of all the means of livelihood, the people are all working for the all-powerful state and must look to the state for their living, and by that very fact they lose their real, essential freedom, the question we have to ask ourselves is this: Should these various rights to which I have referred, the right to property, the right not to have your business taken away from you,

the right not to have the state, as we find even in a province in Canada today, setting up an industry alongside you, free from taxation and subsidized by the state, whereby your own living is taken away from you—should these rights, I ask, be liable to be taken away from the people by a mere majority in parliament?

I grant that in a democratic state there is no question about it that what the majority want to do they will ultimately find a way of doing; but the question is whether that right should be given to a mere majority in parliament, which may not have the support of the majority of the people.

What are some of these rights which, I suggest, should not be subject to the will of a majority in parliament? I suggest the right to freedom from arrest as one of them. I suggest, freedom not to be dealt with in any way by the government except by due process of law. These rights should not be taken away by mere vote of parliament. I suggest, again, the right not to be arbitrarily detained; that should not be taken away by a mere vote of parliament.

Mr. KNOWLES: Or by the government.

Mr. TUCKER: The government in Canada does not and has not taken it away unless parliament gives it or has given it the right. Let my hon. friend not pretend that that has ever happened in Canada. Anything the government has done in the last few years has been done by virtue of a vote of this parliament.

Mr. FULTON: Kept secret for a long time though.

Mr. TUCKER: The power was given the government by vote of parliament.

Mr. FULTON: But kept secret—

Mr. TUCKER: Will my hon. friend please allow me to proceed. I shall come to that argument in due course. I suppose I might as well deal with it at once. I am not finding fault with what is done in days of crisis when the very safety of the state itself is involved. If people are ready to see the state decline to defend itself and would rather have it go down because it fears to have the government resort to means that are necessary for its defence, then by that very fact all liberties might be lost. I think much too much has been made about what has been done by the government pursuant to the powers given it by this parliament for the preservation of the country's safety in time of war and in time of crisis. I am not talking now about that. I am talking about ordinary peace time when there is no crisis.

Another right which I suggest must not be taken away is freedom from oppression by government. Do not let anyone think that does not happen in Canada today. I will give the case of a trapper named Wilson who had the exclusive right to trap over a leased area for ten years in Saskatchewan on payment of $25 a year. The government moved in and gave that right to somebody else. They gave other people the right to trap the muskrats off the leased premises.

Mr. TOWNLEY-SMITH: How many muskrats?

Mr. TUCKER: That has nothing to do with the matter. The point is that they entered in and trapped the muskrats off. This man then said to the government, "You have broken my lease from His Majesty the King", and he asked the right to go into the courts and prove his damage. But he was refused that right, and on top of that the government paper, the Saskatchewan *News*, issued at public expense in Saskatchewan, berated, abused and slandered him and those who took up his cause. These are facts that I am stating. Let no one say that no government whatever in Canada today has oppressed the citizens of the country.

Then what about the right to use public moneys to start a business next door and then say that government business shall not be subject to taxation, and thereby drive citizens who are taxpayers out of business? Is that not using the power of the state to oppress the citizen? That is happening in my province. Then what was done, for example, in regard to fire insurance? There are throughout Saskatchewan hundreds of insurance agents, some of them representing co-operative insurance companies, who have made it their lifelong business to engage in this work. The state there stepped in and said that any institution that took a grant from the government has to take its fire insurance business from the government. Then the government went around and appointed their political friends to handle that business. Is that not taking away the right of the citizen to make his living?

Mr. KNOWLES: Louder, please.

Mr. TUCKER: I know my hon. friends cannot answer that, and so they try to laugh it off. But that is not sufficient.

The right of freedom of speech is another right that should not be taken away by the

mere will of the majority that happens to be elected to this parliament. Then there is the right of opinion, the right to a free education, not the right to have your children sent to school and educated in ideas of a special group that are absolutely against the things that many people believe in. Education should be free and fair. It certainly should not be an attempt to inculcate socialism, as is being done in our province today, and that cannot be denied. Surely there should be some protection against the rights of the people being taken away in regard to their children. There should be the right of freedom of movement from place to place in the country, the right of freedom to work and earn your living where, when and at what you please. Surely no man should have to go to another man in government or outside of it for permission to earn his daily bread for himself and his children. Surely that right should be protected, and surely an overriding and all-powerful government should not have the right to take it away from him. There should be the right of freedom of religion, and the right of freedom to join associations or not join associations, as people wish; and there should be the right of free assembly. Surely these are fundamental rights that should be given to every free Canadian citizen, and he should not be left in this position that, if perchance a majority that believe in the doctrines of socialism or communism, and are ready to wipe out some of these rights in order to make their view prevail, get into office and form a government, they can take those rights away by a majority vote only. A system of complete socialism or communism cannot be introduced in the United States without a change in the constitution of the United States, whereas in Great Britain a complete system of communism can be introduced by the will of the present parliament.

Some hon. MEMBERS: Oh, oh.

Mr. TUCKER: A complete system of socialism, I should have said. I do not know the difference; I have never had it explained to me. That is why I use the words interchangeably. Perhaps there is some difference.

Mr. GARDINER: There is not any difference.

Mr. TUCKER: But a complete system of socialism can be introduced in Great Britain. It is doubtful if the will of the people is still behind that. Once it is done, it is very hard to undo it.

Mr. STEWART (Winnipeg North): What about the by-election?

Mr. TUCKER: The mere fact that a government may win a by-election—

Mr. STEWART (Winnipeg North): They won there too.

Mr. TUCKER: Just a minute. Does my hon. friend say that because he can go out and win a by-election, he has the right to take away from the citizens these fundamental freedoms?

Mr. STEWART (Winnipeg North): Not a bit of it.

Mr. TUCKER: If you say you have a right to take freedom, liberty and their property away from people because you win by-elections; if you deprive a citizen of the right to earn his own living, have you not taken away one of these fundamental freedoms from him?

The question we must ask ourselves is this: which sort of system do we want in Canada? Do we want a system where these freedoms can be entrenched upon by the mere will of the majority in parliament or a system whereby it must be clear that the people are overwhelmingly in favour of it? That is one of the things that this committee will have to consider. I know some people will say, "Oh, the senate will protect us". Let nobody ever think that the senate will be able ever to protect anything in this country.

Mr. KNOWLES: Except themselves.

Mr. TUCKER: If the people represented in this Commons chamber have a big majority desirous of doing something, they will pass a resolution as representing the sovereign people of Canada and they are going to present it to the parliament at Westminster. Is the parliament at Westminster going to listen to the will of the people of Canada as represented in this house or to the opposing will of the senate? With the way our constitution is today, with a really radical government in power, determined to impose complete socialism on this country, let nobody think there is any protection in the senate or any protection in the British North America Act either.

Mr. STEWART (Winnipeg North): That is very comforting.

Mr. TUCKER: I know it is comforting to my hon. friends.

Mr. GARDINER: Where are the Saskatchewan C.C.F.'ers now?

Mr. STEWART (Winnipeg North): Having a cup of tea.

Mr. KNOWLES: Where are the Saskatchewan Liberals?

Mr. TUCKER: The Saskatchewan Liberals are going to be back here in good numbers, believe me. But if I may go on, I know my hon. friends who are here from Saskatchewan cannot answer my arguments. They can only try to laugh them off. That is a sure sign that they are unanswerable.

Some hon. MEMBERS: Oh, oh.

Mr. TUCKER: Now if I may proceed, let us take, for example, the question of provincial rights. The way our constitution stands today, are we perhaps to expect the parliament at Westminster at some future time to refuse to do what this parliament or this House of Commons asks should be done? Suppose some province is against it. We shall be asking them to interfere in the internal affairs of the country which has stated over and over again that it is a nation and is entitled to run its own affairs. This committee will have to consider the position it is putting the United Kingdom parliament in, and whether that parliament is likely to refuse to do the will of the people of Canada in the only way it can judge it, as expressed in this house, the way our constitution stands today.

I was quite interested in my hon. friend the member for Winnipeg North (Mr. Stewart) when he said one of the rights that he recognized—and I will just throw this out for the consideration of my colleagues in Saskatchewan—was the right of the farmer to own a farm, but what were the qualifying words? They were, "effectively cultivated by himself or his family". In other words, if you do not farm it right in the opinion of the government, or if you do not do it yourself, or if your family does not do it, it might be taken away from you, according to them.

Mr. STEWART (Winnipeg North): No, read the dictionary.

Mr. TUCKER: That is what you said. You cannot deny it.

Mrs. STRUM: What about social security legislation?

Mr. TUCKER: I know it bothers you.

Mrs. STRUM: Will the hon. member permit a question?

Mr. TUCKER: Yes.

Mrs. STRUM: What about the farm security legislation that was recently disallowed?

Mr. TUCKER: The farm security legislation has nothing to do with this debate. But if my hon. friend would read the British North America Act she would find that one of the rights reserved to the dominion parliament exclusively, by section 91 of the act, is the right to legislate in regard to interest.

Mrs. STRUM: But you have implied—

Mr. TUCKER: I will read it from the act to my hon. friend. The reference in regard to interest is found in section 91 of the British North America Act, subsection 19:

. . . the exclusive legislative authority of the parliament of Canada extends to . . . (19) interest.

Premier Douglas, speaking over the radio in my hearing, said that this act was an attempt to cut down interest. I have his speech right here. He, by his own words, said they were trying to do something that he knew in his own heart or should have known they had no power to do.

Mr. STEWART (Winnipeg North): Go back to Saskatchewan and find out.

Mr. TUCKER: I tell you it is just a fake issue. Every lawyer in Saskatchewan knew that act was ultra vires the province, but the C.C.F. government thought if they passed it and had it disallowed, they would have something to shout about. It is one of the biggest fake issues this country has ever seen, and it shows how empty the C.C.F. are in their programme when they have to resort to this sort of thing.

Mr. STEWART (Winnipeg North): Why don't you go back to Saskatchewan?

Mr. KNOWLES: What would you do about farm security?

Mr. TUCKER: I would protect the farmer in a more effective way than is being done by the present government.

Mr. KNOWLES: How?

Mr. TUCKER: It is being done today by Liberal legislation. For one thing, there is the right of the individual moratorium. If a person is not getting a fair deal, he cannot be proceeded against by court action if the government forbids it. There is also the Limitation of Civil Rights Act. That is what the Liberals did, and that is the way people were protected during the hard times. What does the record show now? During an equal period of time, after the C.C.F. came into office, there were more foreclosures than in the same period immediately before the C.C.F. government took office. Yet they talk about protection for the farmer. However, let me proceed.

Mrs. STRUM: They like it.

Mr. TUCKER: I know you like it. You think it pays good political dividends, but it is mostly applesauce and fake.

Now, there has been some suggestion about the repeal of the War Measures Act. I should say there would be no great advantage in repealing that legislation. The moment any emergency arose which required action under the War Measures Act, any government which wanted to protect the liberty and freedom of Canada would require such legislation, and presumably any parliament would re-enact it. If the government did not have the power to act it might not be able to take the necessary steps at a crucial time, such as the days that may lie ahead. So I doubt very much whether the War Measures Act should be repealed, because it does not affect the liberties of this country in any fundamental way.

However, there are a couple of matters on which I do feel strongly, and I am glad the Minister of Justice (Mr. Ilsley) is in the chamber to hear me speak on them. I should like to ask him to consider seriously taking away any right there may be to immunity on the part of the crown from being sued. I am told that today the right to sue the crown federally is granted automatically. If that is the case there is no reason to preserve that immunity, because it preserves to any government wishing to make use of it the right to prevent that action being taken. If it be said that it protects the government against vexatious actions, then I say the government does not need protection against vexatious action any more than individuals or corporations need it. Surely a government with all the power it has at its disposal can defend itself against vexatious actions just as members of this house or any other people can. So I suggest, with all the seriousness at my command, that we do away with this old right of the crown, at this very session of parliament. If the C.C.F. government of Saskatchewan wishes to preserve that right for itself, let it do so, but I say no Liberal government should want to preserve the immunity of the crown beyond the present session of parliament.

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

Mr. TUCKER: Well, my time is almost up.

Mr. KNOWLES: Does he know that the crown corporations act of Saskatchewan provides the right of suit against—

Mr. TUCKER: I was not talking about the crown corporations act. If my hon. friend would leave it to his Saskatchewan colleagues to speak about these things it would be done more effectively; but I understand he is bound to talk about everything, so he throws himself into this debate.

Mr. KNOWLES: They are too bored to bother.

[Mr. Tucker.]

Mr. TUCKER: The Canadian National Railways has always been subject to suit, and quite properly.

An hon. MEMBER: What about the wheat board?

Mr. TUCKER: I should like to see them all subject to being sued. At the recent session of the Saskatchewan legislature it was provided that crown corporations could be sued, but the right of immunity of the government from suit has been carefully preserved, as my hon. friend will find if he looks into the matter. So my argument holds, and in asking his question I suppose he has only succeeded in delaying my presentation of the remainder of my argument.

There is another matter, which has been brought up by the hon. member for Lake Centre, and on which I hope it will not be left to this committee to make any recommendation but that action will be taken at this session. That is the right of any subject whose liberty or fundamental freedoms are involved in any substantial degree in the opinion of a justice of the supreme court, to go to the Supreme Court of Canada with his case. He should have the right to go to that court and establish his fundamental freedom or liberty, whether or not any monetary consideration is involved. That is the court to which any Canadian should be able to go to vindicate his fundamental rights and freedoms, under the law, and I should like to see the Supreme Court Act amended in this respect without further delay.

Then the hon. member for Winnipeg North, with the well known attitude of the C.C.F. party, has suggested that they are the only ones who want to see the people enjoy the benefits and abundance of this modern age. The hon. member said something in regard to the freedom of western capitalism, without its security. I have heard many C.C.F.'ers suggest that we have no security in this country, no security under western capitalism, as they call it. I would say to him, based upon dozens of letters I have seen from people who have lived under socialism, that they are anxious to get out to this country, where he says there is no security. I say to him there is more real security in Canada for the individual and his family, more security in his home and in the right to earn a living, as well as in all the fundamental freedoms, than in any socialist country in the world today. Yet he suggests that under so-called western capitalism there is no security. When he says that he is absolutely going against the facts of the situation.

Mr. STEWART (Winnipeg North): I don't suggest it; I say it.

Mr. TUCKER: I say that we of the Liberal party have always put the benefit of the individual first. We believe in protecting him against monopoly, against undue power, whether it is in the hands of the—

An hon. MEMBER: Why don't you do it?

Mr. TUCKER: We are doing it better here than they are doing it in socialist Russia, which the hon. member admires so much. There you have real socialism, which interferes with the individual far more than he is interfered with by any system here. We say we believe in protecting the individual against all forms of monopoly, all forms of oppression—

An hon. MEMBER: Why don't you do it?

Mr. TUCKER: I say we are doing it far better than it is being done in any other country in the world, and my hon. friend cannot deny it. What I say is that the oppression an individual may suffer under a government where there is a complete system of socialism; where his job may depend upon his ability to please his political rulers, and so on, is worse than you will ever see under any system such as we have in Canada. When hon. gentlemen of the C.C.F. say, if we have to choose between these systems, of course we will choose our present system, they, in effect, say our present system is preferable. The hon. member for Winnipeg North Centre (Mr. Knowles) knows that what I say is true; he has already said, in effect, that our present system is better than socialism.

Mr. STEWART (Winnipeg North): Rubbish.

Mr. TUCKER: Nevertheless he reserves the right to go ahead and advocate socialism which brings about that very situation he does not want.

Mr. KNOWLES: I said it was better than soviet communism.

Mr. TUCKER: It is the same thing in the result.

Mr. KNOWLES: Oh, no.

Mr. TUCKER: It is bound to be the same thing.

Mr. KNOWLES: You don't know what you are talking about.

Mr. TUCKER: Well, I have here your political bible, "Make this your Canada," written by your president and secretary and endorsed by your leader. Here I find the Regina manifesto, in which these words appear:

> We believe that these evils can be removed only in a planned and socialized economy—

Mr. KNOWLES: Hear, hear.

Mr. TUCKER:

> —in which our natural resources—

Including land.

Mr. KNOWLES: Does it say that?

Mr. TUCKER: Is not land a natural resource? Do my hon. friends say land is not a natural resource? Let them get up and say so. Then it goes on:

> —in which our natural resources and the principal means of production and distribution—

Our natural resources and the principal means of production and distribution.

> —are owned, controlled and operated by the people.

Then the last words, the famous last words of this manifesto, are:

> No C.C.F. government will rest content until it has eradicated capitalism and put into operation the full programme of socialized planning—

Some hon. MEMBERS: Hear, hear.

Mr. TUCKER:

> —which will lead to the establishment in Canada of the cooperative commonwealth.

Some hon. MEMBERS: Hear, hear.

Mr. TUCKER: I notice that some of my hon. friends from Saskatchewan cannot bring themselves to applaud that statement, and I congratulate them on their fundamental honesty. I noticed that; anyone on this side of the house could see it. I say to my good friends from Saskatchewan who did not applaud, the problem is that the real bosses of the party are the ones who believe in this, and when they get into power this is what will happen, whether my hon. friends like it or not.

If I may be allowed to proceed, Mr. Speaker, I have considered this question of a bill of rights, and I say that these fundamental rights and freedoms should be protected in any way we find it possible to make them safer and more soundly established. I should like to go farther and endorse this second bill of rights which was given to the American people by that great humanitarian, the late President Roosevelt in his message to congress. Here is a report of what he said:

> President Roosevelt outlined in his message to the United States congress, today "a second bill of rights"—economic rights. He listed these rights as including:
>
> The right to a useful and remunerative job in the industries, or shops or farms or mines of the nation;
>
> The right to earn enough to provide adequate food and clothing and recreation;

The right of every farmer to raise and sell his products at a return which will give him and his family a decent living;

The right of every business man, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad.

An hon. MEMBER: Hear, hear.

Mr. TUCKER: I say "Hear, hear" to that too. One unfair competitor is a government which pays no taxes and does business itself at the expense of the people.

Mr. KNOWLES: For the benefit of the people.

Mr. TUCKER: If the people have to keep a horde of people working at a loss and put others out of business, I do not know how that would benefit them. This report continues:

The right of every family to a decent home;

The right to adequate medical care and the opportunity to achieve and enjoy good health;

The right to adequate protection from the economic fears of old age, sickness, accident and unemployment;

The right to a good education.

All of these rights spell security. And after this war is won we must be prepared to move forward, in the implementation of these rights, to new goals of human happiness and well-being.

I say that the Liberal party is just as devoted to the achievement of that second bill of rights as any other party in this country. We do say, and we have proved by our record, that we have been more successful in bringing those rights to the individual man and woman. By our record we have shown that we are devoted to the second bill of rights. But in seeking that second bill of rights we should not abandon or endanger the ancient and primary rights and fundamental freedoms of our people. If we come to value security or well-being more than freedom or liberty we shall end up by losing both. On that basis I would suggest that this committee of this house study this great problem which lies before us and I am sure that, in doing so, they will make a great contribution to the economic well-being and to the preservation of the liberties of free Canadians.

Mrs. GLADYS STRUM (Qu'Appelle): Mr. Speaker, I regret that the hon. member for Rosthern (Mr. Tucker) has violated the spirit of this debate which was set so well by the Minister of Veterans Affairs (Mr. Mackenzie) and maintained by the hon. member for Lake Centre (Mr. Diefenbaker). He was disappointed when we refused to take him seriously. I really cannot take seriously anyone who professes to lead a party and then will not go to the province. I do not want to take up any of my time answering charges which have no validity and which the hon. member himself knows are false.

Mr. TUCKER: I know that the charges I made are true and the hon. member has no right to say that I know them to be false. She may be a lady member but she must be governed by the rules.

Mrs. STRUM: It was an innuendo. The hon. member tried to put the legislation in regard to farm security in a false light. He knows, I know and every hon. member knows that what finally claims a farm is not the government; it is debt. The Liberal government did not take the farms from the farmers of Saskatchewan; it was the accumulated debt. The unpaid interest finally took those farms and caused the foreclosures. The hon. member for Rosthern knows that the proper thing to do is to pass legislation which will check the growth of interest in those areas when our farmers cannot meet their obligations. That was the spirit of the legislation; it was something that would guarantee to the farmer his equity so that he could not lose his farm. I should like to see the kind of argument the hon. member has put forth made on the floor of the legislature in Regina.

Mr. TUCKER: It was made there and outside the legislature.

Mrs. STRUM: I am not going to take up time discussing such puerile arguments. First of all, I should like to discuss one of the first clauses of the united nation charter. I wish to point out that there are certain areas in which these freedoms do not apply equally to men and to women, and I want to urge this parliament to proceed to implement the provisions of the Atlantic charter and remove discrimination against women wherever it exists. In the very first clause of the charter we find this:

We the peoples of the united nations, determined to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in equal rights of men and women and of nations large and small.

Then article 55 reads:

c. Universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion.

Were we to implement that article, the result would be to remove inequalities as between the rights of men and women. At this time I should like to consider some of the inequalities which still exist. The first inequality is that of pay in a job which requires

the same amount of skill and energy. I should like to refer to the report of the royal commission on equal pay which was appointed by the British government and which covered the period 1944-46. I find there reference to the method employed in recruiting civil servants, and I wish to quote from page 11 of the report as follows:

. . . and the nature and level of the responsibilities resting on those who serve in them, are carefully defined, and defined without any reference to the sex of their members; that, correspondingly without regard to sex, their members are treated as fully interchangeable within the same class and grade; and that the method of recruitment, at least in the case of the treasury grades and the main departmental grades (that is to say in the great majority of cases outside the post office) is normally by open competition, acceptance or rejection being determined simply by the standard reached in this, irrespective of the proportion of women to men among the successful candidates that is thereby entailed.

Then it goes on to say:

The differentiation in pay between men and women, itself defined with great clarity in this field, can correspondingly be asserted to be genuinely and unmistakably a differentiation related solely to their sex.

The report points out that the examinations are the same; the qualifications are the same; the jobs are interchangeable and there is no difference whatever as to the kind of service required, but the wage scale is different because of sex. It states that in the case of the basic grade, that is up to nineteen years, the wages are the same, and I quote from page 13 as follows:

In the case of staff of age 19 and less there is no discrimination between the sexes, at 20 there is a differential of about six per cent, and thereafter the normal 20 per cent differential is applied.

So that once your civil servant becomes twenty years of age you begin to discriminate, and very shortly there is a difference of twenty per cent between the wages paid to men and women. Women in these categories at no time get more than eighty per cent of what the men get. Page 12 gives the reasons for this:

The scales of the main common established grades first diverge in the early twenties, when the men may be assumed to be acquiring or contemplating family responsibilities.

It just assumes that all men will marry and have families and that no woman will have responsibilities. This discrimination not only affects the basic pay but also overtime, because the overtime rate of pay is based on the basic pay. Again, women suffer discrimination, not only in wages and in overtime but also, upon retirement, in their superannuation allowance which is based upon the average salary they receive during the last five years of their service. The woman receives a smaller superannuation allowance because of the smaller basic pay she has received, regardless of the fact that she has given skilled and devoted service to the government.

It goes on to point out that there is a relationship between civil service pay and the pay that women receive in industry. I think we should consider this very carefully. Let us consider how it applies, for instance, as between a married man and an unmarried man. If we are to consider the difference between men who have responsibilities and women who have none. Let us see how it works out as between men with no responsibilities and men with families. We do not underpay the men because they do not marry. We do not reduce their salaries because they do not beget offspring. No one would attempt to use that mechanism to adjust the difference between men who marry and men who do not. We use the income tax mechanism to adjust the salary difference between men who have family responsibilities and men who have none. If we ever had any objection to equal pay for men and women, the family allowance ended the last legitimate excuse for inequality of pay, because now, not only do we give a man an income tax exemption for himself and his wife which single people do not have but in addition we give him a cash payment for each child plus additional exemption. So I say the family allowance has removed the very last excuse that we might have had for this inequality in pay.

It is assumed, in our traditional method of dealing with these matters, that women have no dependents, but I think we should examine that because it, too, cannot stand up to the light of day. There has been a survey made in Washington by the United States Department of Labor, women's bureau, of 13,000 women doing war work, and of those 13,000 women engaged in war work seventy-five per cent expect to continue working. Why did they want to continue working? Here is the break-down of the reasons.

Out of every 100 women, eighty-four had to support themselves and in many cases others; eight for some special economic reason, such as buying a home, paying off debts or educating children; eight only because they liked working but did not need to work.

Out of every 100 women who planned to continue working, eighty-one lived with their families and only nineteen lived apart from their families.

Of every 100 women who lived with their families, thirty-three contributed regularly to

the household all their take-home earnings; twenty contributed regularly one-half or more, but not all; forty contributed regularly less than one-half, and only seven made no regular contribution toward family support.

Of every 100 women who lived with their families and planned to continue in the post-war labour market, 93 contributed regularly to family expenses. Nearly two-thirds (62 per cent) of the total money in the pay envelopes of all these women who contributed was allocated each pay day to household expenses. Of every 100 women who lived apart from their families, practically all were dependent on their own resources for self-support.

But even if women do not keep up separate households or support dependants the woman worker is supporting herself, and here we come to the question of married women being gainfully employed. Married women are being dismissed from every department of government. It is often contended that married women have no right to teach unless there is an emergency and other teachers are not available. It is commonly held that married women should be happy to live off the earnings of their husbands or of their brothers or fathers unless such earnings are very low. In that case she might conceivably supplement the family income by charring or doing some other unskilled job. Even married women do not object to this invasion of the field of employment by other married women. But do we hang out the "Stay Out" sign when men who have sufficient income from other sources enter the business or professional field? No; we say he is noble. His money has not spoiled him. He wants to work when he does not need to. He keeps his own self-respect and that of his associates if he chooses to work. Of course this denial of the basic democratic freedom to work is an artificial restriction of employment based on fear, fear of less than full employment. It is because we are afraid there are not enough jobs that we say that certain people shall not be permitted to work.

There are other denials of freedom, because the moment that you deny equality of treatment you have invaded the field of human rights and fundamental freedoms. This denial of freedom through the denial of promotion is a common thing in almost every field of public endeavour. In spite of the fact that it is the women who keep the churches open, it is the women who go to church and carry on its work during the week and through their meetings raise thousands of dollars, while the men sit back when they feel like it—in spite of the fact that it is the women who, in the large majority, turn out and support and maintain the churches, how many women ministers of the gospel have we ever permitted to train or to function? We are just beginning to say to the women who maintain and foster and keep the churches alive that they might be permitted to preach. That is true of all other fields of activity. How many women professors have we? How many heads of colleges are women, although we have many highly trained women with very respectable degrees? But if there is a man in sight—any man, who can be chosen we choose him because he is a man, over the better qualified and more experienced woman simply because she is only a woman. And this is practised by a society that calls itself a democracy. I think we shall have to revamp our thinking and leave off practising this witchcraft in our social relationships.

I am going to give the house a little quotation from a clever article by Charlotte Whitton in a recent issue of *Maclean's*. She has put the case so well that I got her permission to quote this in relation to promotion and responsible positions held by women. She says:

You could count on your ears the number of women—other than in family firms—who sit on elective boards of directors, though in corporation after corporation many a chairman has a competent woman assistant where his brains are supposed to be.

This discrimination is reflected in average salaries among the 125,000 women in all avenues of trade, from messenger girl to manager. In Saint John, for instance, a woman clerk averages $14.58 a week, her male counterpart, $25.48; in Montreal a woman gets $17.63, a man $28.03 a week; in Calgary the figures are $17.91 and $29.36.

Or swing to the 300,000 women and girls in major manufacturing. Their average earnings ran $532 a year in 1941 against their brothers' $1,075, and again this is not in the heavy industries. Even in textiles a man averages about $980 a year against a woman's $500.

Women slave at the very same machines at less return for their toil than men. In one town "sewing-machine operators, male," draw $1.20 an hour where "female" draw 78 cents; and seamstresses drop even lower if they shift to but slightly less onerous work.

In the rubber plants, men and women packers at the same stands—take one centre at random—rate 70 cents against 52 cents. Shoe workers in the same shop at the same bench (and with no difference as to whether a male or female is being shod) draw 44 to 64 cents an hour per man as against 30 to 41 cents for women. Males running about as bakers' helpers in biscuit plants will draw 49 cents against the woman's 40 cents for the same unit of work.

And why a man draws 50 to 77 cents an hour for stuffing sausages beside a woman who draws 40 to 53 cents, only the sausages can tell!

Mr. SMITH (Calgary West): How extensive was that survey?

Mrs. STRUM: I shall let the hon. member have the magazine.

I have here a valuable contribution from the Royal Bank of Canada, which deals with women and their work. One is surprised these days to note the things banks put out. I quote from it, as follows:

Consequent upon their growing sense of their value and importance, women are urging that they should have equality with men in both opportunity and reward. A sub-commission on the status of women told the united nations economic and social council in May that equality with men in all fields of human enterprise—political, civil, educational, social and economic—should be sought simultaneously. There is a growing conviction in democratic countries today that the only test in employing people on any work should be their efficiency.

I believe all hon. members will agree that only training, skill, efficiency and integrity should be the criteria in relation to employment. Here is another quotation from the same source:

A list of occupations open to women includes nearly the whole alphabet from accountancy to zoology. The United States Department of Labor has listed 1,050 industrial occupations out of 1,500 as suitable for women, and an additional 350 as "practically suitable." Much of the change in acceptability of women in industry is due to wise management, which is concentrating on fitting conditions of work to the needs of the workers, and is realizing more and more that deftness in execution may more than make up for lack of strength.

I believe all hon. members will agree with that; and as we apply engineering science to jobs we shall lessen the strain for the male workers, and thereby make it possible for women to do many jobs now beyond their strength.

There are hopeful signs that we are beginning to think and act like democrats. I would draw the attention of hon. members to a clipping I took from one of the Ottawa papers, dealing with the payment of teachers in Scarboro township. I was very happy to read this, and I should like to place it before hon. members:

Women teachers in school area No. 1 of Scarboro township will get the same salaries as men teachers, the school board for that area decided last night. The board granted wage increases totalling $60,000 a year.

The minimum salaries of $1,200 for female teachers and $1,400 for male teachers will be replaced with a minimum of $1,500 for all. Maximum salaries of $2,200 for ladies and $2,400 for men will be replaced by a new maximum of $3,600.

Principals, who now earn from $2,280 to $2,800 will in future get from $2,500 to $3,600.

I should like to meet the members of that school board because, by removing this discrimination in respect of people who have the qualifications and the ability to teach, in their own little bailiwick they are beginning to carry out the provisions of the Atlantic charter. They are refusing to practise this denial of freedom in their relations with their fellow men.

There is another feature I should like to point out, and that is our new citizenship bill, which takes another step when it removes discrimination in connection with citizenship. Last year we established, for the first time, the right of a woman to decide whether or not she will change her citizenship at the time of her marriage. Before that, it was out of her hands. Of course we had an amendment which said that within six months a woman might declare her citizenship, and if she took steps to retain it she would not lose it. But very few girls knew that existed, or realized the importance of it, and therefore lost their citizenship. I was happy when we took that step last year, by guaranteeing to all human beings in Canada the right to decide what their citizenship would be.

Only recently in our immigration branch there has been introduced another order in council which gives to girls the same right now enjoyed by boys, of allowing them to bring their fiancés to this country, and to marry and take out citizenship papers.

This was not true until just recently. Since airing my case on the floor of the House of Commons a few days ago, I have been informed by the minister that this decision now applies to girls as well as to boys, and I wish to thank and to congratulate the minister upon having taken this step.

I was happy at the last session to note that at least one minister, who was then Minister of National Health and Welfare, and who is now Minister of National Defence (Mr. Claxton), recognized the ability and skill of the women assistants in his department. He was the only minister who brought one of his women assistants to the floor of the house, thereby recognizing her value to the department, and I congratulate him upon his having done so.

All hon. members know that in all government departments there are highly trained women of long experience who, if the ministers happened to be away, could run those departments. These women hold positions of great responsibility, and their services are of great value to the minister. It is time we recognized them and gave them the promotion and the pay their services merit, without discrimination as to sex. I hope that in our relations with each other we shall refuse to violate the spirit of the Atlantic charter, by recognizing basic human rights and fundamental rights of human beings everywhere. Let us start now, in Canada.

83166—206

Mr. JEAN LESAGE ((Montmagny-L'Islet): Mr. Speaker, the high level at which this debate has been carried on, coupled with the considerable interest it has aroused in the house and in the minds of the public, are proof of its paramount importance. Important it is and even necessary that from time to time representatives of the people suspend their studies of practical matters and legislation so as to give examination to high principles of political and social philosophy, and their application to our legislation.

In the complexity of modern times, too often we are inclined to forget that such principles are the background of laws.

The purpose of the motion presented by the Minister of Veterans Affairs (Mr. Mackenzie), in one of the most eloquent speeches heard in this house, is the appointment of a joint committee of both houses to consider the question of human rights and fundamental freedoms. If the only effect of the motion were to permit the present discussion, I think there would be unanimous agreement that it has already served a useful purpose. The order of reference to the committee to be appointed is to consider what steps if any should be taken for the purpose of preserving in Canada respect for and observance of human rights and fundamental freedoms and also the manner in which obligations arising out of such rights and freedoms, accepted by all members of the united nations, should best be implemented in the world at large.

The adoption of a bill of rights for Canada as proposed by the hon. member for Lake Centre (Mr. Diefenbaker), in a well documented speech, involves a number of difficulties which, at the moment at least, would appear to be insurmountable. These difficulties have been outlined by the Minister of Veterans Affairs and the hon. member for Chambly-Rouville (Mr. Pinard). I do not intend to repeat what they have already said so accurately. May I simply set out some of the objections.

First, matters pertaining to property and civil rights fall expressly and exclusively under provincial jurisdiction. Second, in practice, under a constitution such as ours, it is utterly impossible to lay down laws in irrevocable statutes which would bind for the future parliament and the provincial legislatures. They are each within its own sphere the supreme authority through which the will of the people can be expressed at all times. Unless a bill of rights is part of our constitution, it is impractical, according to the opinion of the hon. member for Chambly-Rouville, with whom I am in thorough agreement. I quote him at page 3173 of *Hansard:*

> There are things that a country must first do if it wishes to define the inalienable and sacred rights of its citizens. Among these things, there is the inevitable obligation to adopt, before everything else, its own constitution.

And further:

> In any event, one thing appears to be undeniable. There cannot, or at least there should not, be a bill of rights or a declaration of that kind enacted by a nation unless there already exists a constitution adopted by that nation, or unless one is formed simultaneously with such declaration.

Another strong objection to the incorporation of a bill of rights in our laws as a statute is, to use the expression of the Minister of Veterans Affairs, the danger of putting freedom in a strait-jacket by seeking to define it in words. Any law, any statute is, by its very essence, a hindrance to liberty. You cannot, through a law or a statute, hammer the fundamental principles of human rights and freedom into the minds, hearts and conscience of the people.

Laws cannot instil principles; they are inspired by them. Our laws will preserve and ensure the respect for and observance of human rights and fundamental freedoms to the extent and only to the extent to which those who write the laws are convinced of the necessity of the preservation of those rights and freedoms. No element, no faction, no group in Canada seriously and vocally challenges the principles of democracy; and, at least ostensibly, they respect human rights and fundamental freedoms but let us not forget that eternal vigilance is the price of liberty.

What is true for Canada is not true for the world at large. Even after six years of a terrible and devastating struggle for freedom, which ended in complete victory for the armed forces of democracy, we who do not suffer, at least to the extent mentioned by the members for Lake Centre and Winnipeg North, have to realize that three-quarters of the world is enslaved by communist totalitarian doctrine and practice, and by absolutism. In the liberated countries of Europe, two years after the end of the conflict, people do not enjoy the liberties that we, here, consider as commonplace.

Communism, which, by the very essence of its doctrine, denies human rights and fundamental freedoms, constitutes the greatest danger that we have to face, not only in the world at large, but in North America and in Canada itself. We have to fight in our own country the danger of a subtly organized com-

munism boring into our labour unions. There is a struggle to be fought. In its fundamental aspect, it is basically one between those whose conception of society is materialist and whose malignant and cynical opportunism reflects their creed, and those who believe that peace, prosperity and happiness can be achieved only in conditions of freedom, law, and faith in God. Laws may, to a certain extent, prevent the expansion of communism, but the best way to stop it in our country and the only way to fight it in the world is to spread our own doctrine of democracy. Canadians must take part in a crusade to convince the people of the world that they cannot find security and happiness except in the application of the principles of Christianity and democracy.

I said "Christianity and democracy," because democracy, as I see it, is a political expression of Christianity. In their struggle for the survival of their faith, the persecuted Christians of ancient Rome preached the doctrine of the dignity of each human soul, the doctrine that God intended man to be a good neighbour to his fellowman and the doctrine of the essential unity of the entire world. The first principle of our democratic Christian philosophy asserts that all men are brothers and that God is their father. The fundamental truth that all rights and freedoms derive from God was recalled on Friday last by the hon. member for Chambly-Rouville in a speech of irrefutable logic, supported by a constant rising trend of ideas. As I read *Hansard,* I felt that, between the lines, there was the sound philosophy of St. Thomas Aquinas, philosophy immovable through the centuries since mediaeval ages, which is the Christian foundation of our democratic principles. And I could not but think that, whatever may be the criticism against them, our classical colleges of the province of Quebec are second to none in the philosophic formation of true Christian democrats.

There is no doubt that the uneasiness in international relations today is primarily due to the supremacy ascribed to materialism over spirituality. Materialism has brought about regimes based on brutality, the abuse of force and complete disregard for spiritual values. We shall not enjoy fundamental freedoms and human rights unless we turn our minds and souls toward those spiritual values; we shall not win our struggle against communism unless we convince the peoples of the world that only in the application of the principles of Christianity and democracy will they find security and happiness.

Mr. BURTON: Let us do it by deeds and not just by words.

Mr. LESAGE: That is exactly what the Liberal government intends to do, because Liberal principles are founded upon and are similar to true, sound, democratic principles; whereas socialism has never been based upon democratic principles.

It is useless to embark on a crusade for freedom if we are not ourselves convinced and imbued with our doctrine, and if we are not ready to give to it the shining glory and the dynamic force which bring about universal adhesion. Louis Marlio expressed the idea in these words:

(Translation):

> Victory has cost us dearly, but it will have settled nothing and will serve merely as a preparation for another world conflict in the next generation. should democracy fail to achieve a victory which is much harder to win and much more essential, the victory over itself.
>
> Democracy must regain the necessary dynamism in a world subjected to a complete technical evolution; it must adapt its institutions to the economic revolution we are witnessing and it must seek, by a more extensive application of the life-giving principle of brotherhood, a solution to the conflicts which are developing with a growing acuteness in the economic, social and international fields.

(Text):

The victory of our principles in the present situation when the world is divided into two camps depends in a large measure upon the dynamism of our democracy. The essential truth of democracy must capture the hearts of men all over the world if human civilization is not to be destroyed in wars and revolutions far more terrible than anything that has yet been endured. Canada, as a first contribution to the crusade for democracy, could offer our democratic principles for the drafting of an international declaration of human rights and fundamental freedoms which could be accepted by the nations of the world as a guidance in their domestic legislation and international relations.

Recently, in April of this year, a group of individuals representing liberal thought in nineteen nations, alarmed by the danger of communist oppression, have decided to come together for the purpose of "winning general acceptance of democratic principles and to foster a free society based on freedom and personal responsibility, and to provide means of collaboration between men and women of all countries who agree with these principles."

At a meeting held at Oxford of what was called the Liberal world union or the Liberal international as opposed to the red international, these opponents of socialist fascist and communist parties, desiring to express in

words democratic and liberal ideals, adopted a manifesto containing the following principles:

(I)

1. Man is first and foremost a being endowed with the power of independent thought and action, and with the ability to distinguish right from wrong.

2. Respect for the human person and for the family is the true basis of society.

3. The state is only the instrument of the community: it should assume no power which conflicts with the fundamental rights of the citizens and with the conditions essential for a responsible and creative life, namely:

Personal freedom, guaranteed by the independence of the administration of law and justice.

Freedom of worship and liberty of conscience.

Freedom of speech and of the press.

Freedom to associate or not to associate.

Free choice of occupation.

The opportunity of a full and varied education, according to ability and irrespective of birth or means.

The right to private ownership of property and the right to embark on individual enterprise.

Consumer's free choice and the opportunity to reap the full of the productivity of the soil and the industry of man.

Security from the hazards of sickness, unemployment, disability and old age.

Equality of rights between men and women.

4. These rights and conditions can be secured only by true democracy. True democracy is inseparable from political liberty and is based on the conscious, free and enlightened consent of the majority, expressed through free and secret ballot, with due respect so the liberties and opinions of minorities.

(II)

1. The suppression of economic freedom must lead to disappearance of political freedom. We oppose such suppression, whether brought about by state ownership or control or by private monopolies, cartels and trusts.

We admit state ownership only for those undertakings which are beyond the scope of private enterprise ( ) in which competition no longer plays its part.

2. The welfare of the community must prevail and must be safeguarded from the abuse of power by sectional interests.

3. A continuous betterment of the conditions of employment, and of the housing and environment of the workers is essential. The rights, duties and interests of labour and capital are complementary; organized consultation and collaboration between employers and employed is vital to the well-being of industry.

(III)

Service is the necessary complement of freedom and every right involves a corresponding duty. If free institutions are to work effectively, every citizen must have a sense of moral responsibility towards his fellow men and take an active part in the affairs of the community.

(IV)

War can be abolished and world peace and economic prosperity restored only if all nations fulfil the following conditions:

(a) Loyal adherence to a world organization of all nations, great and small, under the same law and equity, and with power to enforce the strict observance of all international obligations freely entered into.

[Mr. Lesage.]

(b) Respect for the right of every nation to enjoy the essential human liberties.

(c) Respect for the language, faith, laws and customs of national minorities.

(d) The free exchange of ideas, news, goods and services between nations, as well as freedom of travel within and between all countries, unhampered by censorship, protective trade barriers and exchange regulations.

(e) The development of backward areas of the world with the collaboration of their inhabitants in their true interests and in the interests of the world at large.

Mr. Speaker, there is very little in the declaration I just read with which the true democrats of the Canadian parliament would not agree, except for the fact that it does not mention God as the source of all rights and freedoms. I suggest, however, that the declaration be studied by the committee and I submit respectfully that it would at least form a sound basis for discussion in the committee.

Right Hon. J. L. ILSLEY (Minister of Justice): It is nearly six o'clock, but perhaps I might say a few words before that hour is reached. During this debate we have listened to a number of very good speeches indeed; some of them were quite eloquent. My purpose in intervening is to try to consider what practical steps the committee should take and what attitude the House of Commons should assume with regard to the proposals set forth in the resolution. I shall not read the resolution which is before the house, but I gather from it that the main purpose of the inquiry which is to be conducted by the committee is to consider the manner in which our obligations to the united nations may best be implemented. As part of this inquiry the committee will have to consider the legal and constitutional situation in Canada with respect to human rights.

In the third place, the committee is to consider what steps, if any, it would be advisable to take or to recommend for the purpose of preserving in Canada respect for and observation of human rights and fundamental freedoms. Some of the speeches that have been made during the debate seem to have proceeded on the assumption that the emphasis I have given to the respective objects of the committee is misplaced, and that the main purpose of the committee is to decide whether or not Canada should have a bill of rights and, if so, what should be in it. My own conception of the main purpose of the committee, as I stated at the beginning, is that it is to consider the manner in which our obligations to the united nations may be best implemented. But as the formulation of a bill of rights undoubtedly is within the scope of the terms of reference, I think it will be necessary for me to consider what is involved

in that proposal, whether it would be possible to carry it out, and what steps the committee should take in regard to it. The hon. member for Lake Centre (Mr. Diefenbaker) has argued last session and this session in favour of a bill of rights for the dominion of Canada. If you will be good enough to call it six o'clock now, Mr. Speaker, later I want to examine some of the proposals of the hon. member.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. ILSLEY: Mr. Speaker, when the house rose at six o'clock I was dealing with the terms of reference applicable to the proposed committee. Certain of the speakers in the debate this afternoon made some interesting points. The hon. member for Rosthern (Mr. Tucker) in particular pointed out a fact that we should not lose sight of, that under the British constitution the principle of the supremacy of parliament is the important principle, that parliament may make any laws it wishes, may confer rights, may alter rights or may even deprive individuals of rights by its act. He pointed out also that that principle has been extended to the British dominions and that in the Dominion of Canada this parliament is supreme within the sphere of its jurisdiction and the provinces are supreme within the spheres of their jurisdictions.

That being true, the adoption of the other system, the system of constitutional limitations upon the powers of parliament, would be a radical departure from the principles which have heretofore applied. It would be an introduction into our system of a feature of the American institution; it might possibly be called an Americanization of our constitution. When I say that I am not prejudging the case or the issue as to whether it would be desirable, because that is a matter within the sphere of the terms of the reference which the committee, if it thinks fit to take up this question of a bill of rights, will be free to decide.

I was approaching the point in my remarks where I felt it would be necessary to consider carefully just what is meant by the adoption of a bill of rights for the Dominion of Canada. I am not sure whether the hon. member for Lake Centre (Mr. Diefenbaker) favours the adoption of a constitutional amendment or merely the enactment of a dominion statute. On page 3152 of *Hansard* of May 16, I find this passage from his speech:

> It was for that reason that I suggested, and now suggest, that, when this committee is set up, representatives from the various provinces be convened here, so that by joint action a comprehensive bill of rights may be evolved either by way of constitutional amendment or by statute.

I should like to consider for a few moments just what the case would be as respects the dominion and the provinces and the relations between the dominion and the provinces if the first alternative were adopted, that is, the enactment of a constitutional amendment. The only way in which our constitution may be amended is by an amendment to the British North America Act. As all members of this house know, under the British North America Act property and civil rights are within the jurisdiction of the provinces. The first observation I should like to make is that if our constitution is amended by the enactment of sections comparable with those in the American constitution severe limits would be placed upon the field of jurisdiction now delegated to the provinces. I think it is well that the house should realize that and should understand it thoroughly.

The theme has been laboured, particularly within the last few months in this house, that the dominion should not invade the jurisdiction of the provinces. If the constitution is amended in this way it would mean that the right of the provinces to legislate as they think fit in the field of civil rights would be limited and curtailed. The principle of provincial legislature supremacy in the field of civil rights would no longer exist. It may be that my hon. friend favours the other alternative, that of a dominion statute. When I turn to page 3158 of *Hansard* I find this passage from his speech:

> Individual civil liberties, those that we have inherited today, guard the weak against the strong. What is needed are civil liberties by declaration of parliament which will guard the individual against the state. It might be argued that another government, another parliament, can revoke a bill of rights passed by parliament. True; but has not history shown that when laws are put upon the statute books, having the support of a vast majority of the people, they stay there?
>
> A declaration of a bill of rights in the country would be a positive declaration on the part of men and women of all political faiths in their belief in civil liberties. Whether the federal authority has the power or not to pass legislation respecting civil liberties, its passage would strengthen the hand of the Minister of Justice in the matter of the disallowance of any statute which would deny freedom anywhere in our country.

In other words, it is suggested that it might be desirable to pass a dominion statute, whether or not we have jurisdiction to pass that statute, affecting as it would civil rights, and then use the statute as a basis for the disallowance of provincial statutes which

might be passed from time to time in conflict with the dominion statute. There, again, I think the house should understand the implications of that proposal. The practice of the disallowance of provincial statutes, while not wholly uniform and perhaps not entirely settled, is more or less so and, generally speaking, the dominion authorities respect the rights of the provinces to legislate within their constitutional field.

It is a somewhat serious proposal that the dominion government should pass an act somewhat regardless of whether it has the power to pass it, affecting as it would civil rights, and then use that act, whether constitutional or unconstitutional, as the basis for the disallowance of acts passed by the legislatures of the respective provinces. I want to say again that I am not prejudging the case; I am a member of the committee, and I do not intend to take a position in this matter in this house in advance of the discussion in the committee. But I do want to point out to this House of Commons the seriousness of these proposals and their radical nature.

The hon. member for Lake Centre then dealt with a miscellaneous assortment of proposals with respect to specific statutes. These proposals were not necessarily tied up to his bill of rights proposals, but I should like to say a few words with regard to those and the amendment or repeal of individual statutes. The hon. member for Rosthern mentioned two of those proposals this afternoon. One was that fiats be abolished, that so far as the dominion government is concerned, and that is as far as we can go, we should do away with the necessity of obtaining a fiat.

This matter arose in this house a few weeks ago and I stated that, so far as I was concerned, I had an open mind on that proposal. I will go farther and say, not only on my own behalf but on behalf of the government, that we have no objection to that proposal. When I say that I want to say that, so far as we are concerned, the proposal has little or no practical importance, because I have made inquiries and find that during the last twenty years never has a fiat been denied except in an admittedly frivolous case, and I do not know whether there have been many or even any of those. Persons who desire to bring actions against His Majesty the King in the right of Canada are granted fiats automatically unless, as I say, the action is of a patently frivolous nature. So from a practical point of view it does not matter whether we abolish or continue fiats in the dominion field. I see no objection whatever to abolishing fiats and, if the committee and the house wish to do it—I would not want to get the matter into controversy because the issue is not one of practical importance—the government would have no objection to introducing the necessary legislation, but I would hope that we would not be asked to do it until next year because of the lack of practical importance of the issue involved.

The other matter mentioned by the hon. member for Rosthern this afternoon and also by the hon. member for Lake Centre was an extension of the appellate powers of the Supreme Court of Canada. That is a question which requires study. If and when appeals to the judicial committee of the privy council from the Dominion of Canada are abolished the whole question of the appellate jurisdiction of the Supreme Court of Canada will have to be carefully reviewed. At the present time except in criminal cases Canadians have the right to apply to the judicial committee of the privy council for leave to appeal in all cases. They do not have the same rights in the Supreme Court of Canada, and it may be necessary, it may be desirable, to extend the appellate jurisdiction of the supreme court and to make the necessary amendments to the Supreme Court Act. That is a matter which could properly be studied by the committee if the committee considers that it is of importance commensurate with that of the other subjects of great importance which it will have to consider.

Another act which the hon. member for Lake Centre mentioned as being one which perhaps ought to be amended or revamped, I think was the word he used, is the Public Inquiries Act. The point about the Public Inquiries Act is just this, that witnesses are not as such entitled to counsel in proceedings before a royal commission. The relevant sections of the Public Inquiries Act are these:

> 12. The commissioners may allow any person whose conduct is being investigated under this act, and shall allow any person against whom any charge is made in the course of such investigation, to be represented by counsel.
>
> 13. No report shall be made against any person until reasonable notice shall have been given to him of the charge of misconduct alleged against him and he shall have been allowed full opportunity to be heard in person or by counsel.

Under these sections a witness before a royal commission is entitled to counsel if a charge is made against him in the course of the investigation, and he is entitled to counsel and to reasonable notice before any report is made against him so that he may attend with counsel. These provisions were at the time the act was passed, I think in 1912, regarded as adequate. The point which has been raised recently, as a result probably of the espionage

inquiry, is not a new one. The point was fully discussed in the debates of the day in 1912 or 1913, and it will be found that Sir Robert Borden, after an open-minded discussion of the issues involved, advised the house that, in his opinion, these safeguards were adequate. It may be argued that they should be extended; it may be argued that they are sufficient. If the matter comes before the committee that is set up, the debates of that day and much other material available on the subject will be of great value to the committee. But that again is a matter pertaining to the amendment of a specific act of parliament rather than a part of a bill of rights.

Another act that was mentioned was the Official Secrets Act. It is suggested that the Official Secrets Act is too hard on the accused, that certain presumptions of guilt should be removed from the Official Secrets Act. If that position is put forward in the committee I think anyone who puts it forward will find some pretty strong reasons for the present provisions of the Official Secrets Act. The presumption of innocence is, it is true, an old and highly prized right. It has been found necessary, however, in much provincial legislation and in some of our dominion legislation to reverse or remove this presumption in particular circumstances. Nearly every session there comes before the house legislation which precipitates a debate as to where the onus should lie. The only point I am making is that no general or universal rule can be laid down. I do not know that anybody would advocate that all the presumptions of guilt in the Official Secrets Act be reversed. The presumption was reversed in the Official Secrets Act of Great Britain, and it has been in our own. It would be prejudging the case to say that our present act is perfect, but it is also prejudging the case to say that it should be changed because the presumptions are reversed in certain circumstances.

There are in this world a great many highly ntelligent persons who have made a careful study of our British system of law and procedure with certain objects in mind. Those objects are to take full advantage of the rules, so that they can carry on espionage within Canada with impunity. Persons who are real offenders against the Official Secrets Act are persons who are selling out and betraying their country. Spies are not likely to leave much evidence behind them, either direct evidence or circumstantial evidence. Their methods are developed so as to capitalize, to the full, presumptions of innocence, necessity of proof beyond reasonable doubt, necessity of corroboration and all the other rules which have been worked out through the centuries as safeguards of liberties by courts and legislators who had in mind crimes very different from the kind of crimes that spies commit. Consequently the provisions to which my hon. friend objects were enacted for the protection of the state and of the liberties which the existence of a democratic state provides. It may be that some changes in this legislation are desirable; but if the question is raised in the committee the committee will have to decide how far we dare tamper with legislation which has been forced upon us by pressure of modern espionage methods.

Then, I come to the War Measures Act. While I have stated carefully that I do not wish to prejudge any of the proposals which have been put forward, it is almost impossible for me not to prejudge that one. The proposal is that the War Measures Act be repealed. The wording used by my hon. friend is this:

> I have a few suggestions to make. The first one is that this committee should consider the advisability of the repeal of the War Measures Act, which has been on the statute books since 1914. In between the first and the second wars, on several occasions in the House of Commons a declaration was made that it was no longer in effect. That act, standing as it does, constitutes an invitation to any government in the future under the emergency theory to declare an emergency to the detriment of the rights of our people.

Then there followed some questions and interjections, following which the hon. member for Lake Centre said:

> My right hon. friend says it was a very necessary act. It was necessary in the period of the war; but in the days of peace, with the challenge that the state is making to the rights of the individual, Professor Lower supports the stand that I take, namely, that the act should be repealed.

I should like the house to understand the seriousness of that suggestion, namely, that the War Measures Act be repealed. The War Measures Act was passed in 1914, and has remained on the statute books ever since. It remains dormant unless there is a war, insurrection or apprehended war. It is admitted by the hon. member—and, I think, by everybody else in Canada without exception—that the War Measures Act is necessary in time of war.

The proposal seems to be that we wait until there is a war before we pass it, that we repeal it now and then wait until there is a war before we put it on the statute books again. I do not know how that proposal appeared to hon. members, but in a country the size of Canada and with the possibility that if we got into a war again that war

would burst upon us with great suddenness, would we not be taking an entirely unwarranted gamble in the time factor if we were to take the War Measures Act off the statute books of this country?

An American general, I believe it was Major-General Russell P. Groves, said not so long ago that the first few hours of surprise assault in another war might cost the lives of forty million Americans. I do not know whether that is so or not. But it is because I do not know, and because none of us knows, it would be extremely serious to make it necessary for parliament to be called together before the necessary legislation could be enacted for the carrying on of a war.

And then, think of all the things which have to be done when the war clouds are gathering. Before the last war, the defence of Canada regulations were in course of preparation for at least six months before the war came, because during the summer of 1939 it looked as if war were coming. Those regulations could not have been prepared, except under an act, and that act was on the statute books of Canada.

The same is true of regulations respecting foreign exchange control, respecting trading with the enemy, respecting dependents' allowances and various other regulations which were prepared in advance, so that, if war did come, we would not be caught napping. And they all had to be prepared under the War Measures Act. If those persons who were working on those regulations did not know what kind of act they would have, or whether they would have any act at all, or what the provisions of the act would be, how could they possibly place themselves in a state of readiness for any conflict which might possibly come?

It might be said that if it looked as if war were looming up we could put the act on the statute books. But I think if hon. members will consider the proposal they will see some pretty serious objections to it. If Canada were to enact a War Measures Act in anticipation of a war, it might be extremely prejudicial to our international relations. In effect, it would be a declaration that we were expecting a war. It would be interpreted, probably, as a declaration that we wanted a war. The economic effects; the effects on markets and on the prices of commodities and on government financing would have to be taken into consideration, if an act were passed such as the War Measures Act in anticipation of a war, when there was still a hope that such a war might be avoided.

That act was passed in 1914, and it was left on the statute books of this country between the wars. Now some well-meaning professors come along and write treatises saying that we should repeal it. And the hon. member for Lake Centre identifies himself with that proposal. As I said before, I do not want to prejudge anything which may take place in committee; but it is pretty hard not to prejudge such a proposal as that.

I now come to another matter which has been discussed at length in the press, and which my hon. friend discussed at some length in his speech. I refer to the espionage inquiry. My hon. friend says in that connection:

> I come down to a more recent example, and that is in connection with the espionage commission set up under order in council passed on October 6, 1945.

May I interject at this point that the commission was not set up under the order in council of October 6, 1945. It was set up in February, 1946, but the order authorizing the detention and interrogation of those who were believed to have the information about espionage was passed on October 6, 1945. Then the hon. member continues:

> No one today would say that there was not in that order in council a cavalier disregard of great and basic constitutional liberties, of those liberties which my right hon. friend says are guaranteed to all our people under the charter of British peoples.

Much has been said in criticism of the action the government took with reference to the espionage inquiry. And little, I must say, has been said on the other side. I have received some letters from persons who were concerned about the methods which were adopted, and who have protested about them. I have tried to point out to my correspondents, as I should like to point out to the house, certain vital facts which I think it is high time were pointed out.

It should be pointed out that, while measures of an exceptional nature were taken in the investigation of the Gouzenko charges, the situation was one of grave and acute emergency. The government had reason to believe that information of a most important kind, including information relating to the atomic bomb, was disclosed to a foreign power by persons connected with Canadian governmental activities. Apart altogether from the other kinds of information that were being communicated, the communication of information about the atomic bomb might have had the most far-reaching and devastating consequences. Anyone who has read much about the effects of the atomic bomb—a book, which, I believe, is called "Hiroshima" is a

good example—which include the agonizing suffering and mass destruction of men, women and children, must realize the appalling consequences which might have flowed from the flouting by government servants of governmental policies in relation to secrecy in this field; and from violation of oaths of secrecy, and from violation of the Official Secrets Act. Let us not forget that we were not confronted with any ordinary situation at all. We were confronted with an extraordinary one.

While exceptional steps were taken to bring into the open conspiracies which we had reason to believe existed, and which have since been proved to have existed, there are certain facts which should be borne in mind. One is that every step taken by or on behalf of the government was legal. The report of the royal commission clearly establishes this fact. To hear a great deal of the criticism made, one would have thought we in some way violated the Habeas Corpus Act or we had broken certain laws. As the hon. member for Rosthern pointed out this afternoon, however, no order in council was passed that was not authorized by legislation of this parliament. We operated under the authority of this parliament, and the royal commission operated under the authority of this parliament in every step it took.

The second fact is that no one denies the capacity or sense of responsibility of the royal commission itself.

There has been some criticism of the government for selecting two judges of the Supreme Court of Canada as royal commissioners, but I would like to point out to the hon. member for Stanstead (Mr. Hackett), who is very strong on this point, that there are certain great and grave situations wherein it is not inconsistent with the dignity of a judge, nor is it inconsistent with the duties of the judiciary for them to act as royal commissioners, and that fact has been recognized in the old country as well as in this country for a great many years. Here, if ever, there was a case where the public must be satisfied of the impartiality of the commissioners and of the reliability of their findings, and therefore we felt we were completely justified in going to the highest tribunal in the land and taking two judges from that court and setting them up as a royal commission.

No one denies the capacity or sense of responsibility of the eminent counsel who conducted the investigation before the commission. One of them was president of the Canadian Bar Association at the time, and the others were men of character and capacity, and a deep sense of responsibility.

No one denies the gravity or emergent character of the situation to be dealt with. No one denies the desirability of dealing with the situation effectively. No one denies that the investigation might very well have been a fiasco had not such steps been taken.

In this event, if it had been a fiasco, we would today have been assured by those who are attacking us that the investigation was a mere witch hunt, that the bogey of communism had once more been falsely raised, and that Gouzenko's stories were merely figments of the imagination. That is what we would have been told today, and this is borne out by the avidity with which critics of the government seize upon every acquittal to prove that the prosecution of the person acquitted was unjustifiable, a conclusion which is invalid, as I shall try to show in a few minutes.

So much by the way of background of the position we took. I am not going into all the charges, accusations and grounds of criticism of the government and of the royal commission; they are pretty well answered in the report of the royal commission itself. But it is said that we should not be circulating that report, and it is said in particular that a certain note which the government authorized to be placed in a statement appended to the report should not be circulated.

Let me read what my hon. friend says on that latter point, and this is something which I feel like almost indignantly repudiating. On page 3156 of *Hansard*, he says:

> I abhor communism and all its works, but the added words signify an attitude that no government should display. They indicate a spirit of resentment because the courts of the country saw fit not to allow the declaration of a royal commission.
>
> Canadians have the right not to be deprived of life, liberty or property without process of law. Should they not also have the right not to be deprived of reputations by an executive that is exasperated by the results in the courts? That addendum by the government condones the lawless enforcement of the law.

Let me tell the house, in case they have not been following this matter, what the addendum was. A report was published and, as I shall argue in a few moments, it was not only our right but our duty to circulate that report. Certain of the persons reported against were tried in the criminal courts and were acquitted. We felt that, in fairness to

them, the fact of their acquittals should be communicated to those who received the report, and so we put in the front of the report a statement that certain persons had been acquitted. But we made this addendum:

It must not be assumed that in any case the evidence before the commission and that adduced at the criminal proceedings were the same.

It is that addendum which makes some critics see red—I am not trying to make a pun on the word "red." It makes them very angry because they say it is unfair to the accused. If we had not added it, the fact that we were publicizing the acquittals would be taken as a criticism or perhaps a repudiation of the work of the commission, and it was certainly far from our wish to express any criticism of that kind, for reasons which I shall state.

I think the answer to what my hon. friend says there, and to similar forms of criticism, can be given to the house most concisely by my reading a letter which I wrote to one of the civil liberties associations with whom I have an enjoyable correspondence, the civil liberties association of Manitoba. That association, on the 28th day of April, sent me a resolution which was in the following terms:

1. That the Canadian government be requested to repudiate the note added to the report of the royal commission on espionage and dated January 30, 1947, reading:

"It should not be assumed that in any case the evidence before the royal commission and that adduced in the criminal proceedings were the same."

This statement is not only unfair to persons acquitted in the recent trials but also implies contempt for the law of Canada as administered in the courts.

2. That the Canadian government be requested to withdraw from circulation the report of the Kellock-Taschereau royal commission.

Upon receiving that letter, I replied—

Mr. SMITH (Calgary West): Who sent it?

Mr. ILSLEY: —to the Civil Liberties Association of Manitoba in the following terms; and I am reading this letter into the record because it replies to the charges that have been made by various persons including the hon. member for Lake Centre, and replies more compendiously than I otherwise could.

Mr. HACKETT: Who wrote the letter?

Mr. ILSLEY: I did.

Mr. HACKETT: No. Who wrote the letter to which you are replying?

Mr. ILSLEY: It is signed by David Owens, secretary, civil liberties association; and my reply is addressed to David Owens, secretary, Civil Liberties Association of Manitoba. It reads as follows:

Ottawa, 10th May, 1947.

Dear sir,—

I have your letter of April 28, 1947, advising me of the contents of a resolution recently adopted at a general meeting of the Civil Liberties Association of Manitoba. This resolution requests that the Canadian government withdraw from circulation the report of the Kellock-Taschereau royal commission. I am of opinion that I would not be justified in recommending that this be done.

This commission, as you know, consisted of two judges of the Supreme Court of Canada, the highest court in the land. They were assisted by counsel of equally high standing in their profession, one of whom was the president of the Canadian Bar Association. The proceedings were conducted with care and fairness and every witness was given the fullest opportunity to tell his story and explain all circumstances which appeared in any way to reflect upon him. The result of this investigation is a report of immense value to the nation. To deny such a report to the public because some of the witnesses were later acquitted after prosecution would be in my opinion unwarranted.

Is it not possible that the difference between the purpose and nature of the proceedings before the royal commission and the purpose and nature of the proceedings before the criminal courts has been overlooked? The royal commission was not a court having criminal jurisdiction. Its findings were based upon preponderance of evidence, while those of the criminal courts were based upon proof or lack of proof beyond reasonable doubt. The commission in the report, after setting out the evidence adduced before them, stated its opinion as to what certain witnesses and others did. There is no reason why this opinion should not be presented to the public together with a statement of the grounds upon which the opinion was based. It is open to the public to decide whether or not the opinion arrived at was a correct one.

It must be kept constantly in view that the report disclosed a most serious conspiracy to furnish secret information to a foreign power and that subversive elements had infiltrated into the public service on a considerable scale. In a matter of such vital importance to the whole Canadian public, it would be, in my judgment, indefensible to withhold from publication the commission's report of the steps it took and of the conclusions it arrived at. The withdrawal of the report from circulation would, I believe, be an undemocratic suppression of information to which the public is entitled.

The resolution passed by your association also requests that the Canadian government repudiate the note added to the report reading: "It should not be assumed that in any case the evidence before the royal commission and that adduced in the criminal proceedings were the same." The allegations advanced for this request are two in number: First, that the statement is unfair to persons acquitted in the recent trials, and secondly, that the statement implies contempt for the law of Canada as administered in the courts.

I regret to say that I am unable to agree that either of these allegations is correct. There are, in my opinion, good reasons for the addi-

tion of the note in question. It was recognized that upon acquittals taking place, it would be only fair to those who were acquitted to state that fact to those receiving the report. The statement setting out the acquittals was therefore added and circulated with the report. This statement, however, would have been incomplete and misleading had it not contained a note to the effect that the acquittals were not necessarily based on the same evidence which was adduced before the commission. The note might even have gone further and pointed out that the rules of procedure and the evidentiary principles upon which findings were based were necessarily different. In any event, had the note not been added, those receiving the report might very well have come to the conclusion that the government was, by pointing out the fact of the acquittals, criticizing or repudiating the work of the commission, which the government was and is far from wishing to do.

The government regards the work of the commission as having been immeasurably beneficial to the interests of Canada. The commission did its duty and did it well, just as the courts did their duty and did it well. The commission was set up for one purpose, the courts functioned for another. The rules of evidence and procedure were not the same, the evidence itself was not necessarily the same, and a belief in the propriety of the steps and action taken by the commission is in no way inconsistent with a belief in the propriety of the steps and action taken by the courts.

I am unable to understand the following sentence in the resolution referred to in your letter: "This statement is not only unfair to persons acquitted in the recent trials, but also implies contempt for the law of Canada as administered in the courts." For the reasons which I have stated, I do not regard the statement as unfair to the persons acquitted in the recent trials, nor can I agree that it implies any contempt for the law of Canada as administered in the courts.

I accept your statement that your association in no way condones subversive activity, but I must observe that the withdrawal from circulation of the report of the commission as requested by your association, while not condoning subversive activity, would make the climate more favourable to the growth of subversive activity and remove a formidable barrier to its spread.

Yours very truly,

Mr. REID: Did you get an answer to that one?

Mr. ILSLEY: No, not yet.

Mr. REID: I should not think you would.

Mr. ILSLEY: I come now to a part of the speech made by the hon. member for Lake Centre, in which he quotes with approval certain statements of Professor Lower, as reported at page 3156 of *Hansard*, one of which is as follows:

> The conduct of government, from Prime Minister to royal commission, over the espionage case, bore every appearance of hysteria, when it did not bear the appearance, as unfortunately in certain quarters it did, of sheer persecution.

This raises the important question: Should the concern which the government felt over the disclosures of Gouzenko be characterized as hysteria, or was it the type of grave concern which the people of Canada expect from a government having a deep sense of responsibility for the welfare of its citizens, the preservation of its institutions and the future of the state? If hon. members think that the proper word to describe the state of mind of the government was "hysteria" rather than "responsible concern", then the hon. member for Lake Centre has made out a strong case against the government. But if they feel that the concern we displayed was justified, then there is no case against the government, but on the contrary there is the strongest of all possible cases for the government. As for myself, I believe that our concern was justified to the hilt. I believe that if we had not taken prompt, vigorous and effective measures, we should have been recreant to our trust. The government of Canada, by resolutely investigating and bringing to light the shocking facts revealed in the espionage inquiry, rendered an immense service, not only to the people of this country, but to those of other democratic countries. The view now put forward—and apparently with approval—by the hon. member for Lake Centre is that we became too excited. One would almost think, to hear this view, that, after all, this was not an important affair. But I am satisfied that is not the view taken either by the rank and file of the Canadian people or by responsible observers abroad. We have been attacked for the manner in which the investigation was conducted, but some of this attack has been a manifestation of party politics. I confidently assert to this house, from conversations I have had with many Canadians in all walks of life, that far from the public resenting the steps taken by the government, they endorse those steps. It is all very well for opposition critics and arm-chair critics, now that the offenders are brought to justice, the plots exposed and the public of democratic countries put on the alert, to indulge in criticism of this, that or the other step which was taken; but these opposition critics would have sung a very different song if, as a result of our public service not having been cleansed of subversive elements, the drive against our institutions and our liberties had gone unchecked. We had a grave responsibility to shoulder. We assumed that responsibility and are prepared to defend the course we took, both here and elsewhere.

Mr. EUGENE MARQUIS (Kamouraska) (Translation): Mr. Speaker, the resolution before us calls for the nomination of a com-

mittee on human rights and fundamental freedoms, which would also seek the best way to fulfil certain obligations entered into by all members of the united nations organization.

In this materialistic age of ours, the terms right, justice and freedom are in some quarters strangely misused. Some so-called master minds construe them so as to cover all sorts of errors and abuses. They claim the freedom to do everything they please as if such a right were admitted in a well-organized christian society. For them, a right is a means to any end. They would establish the principles of a new justice, or rather injustice, to do away with social order, to deny God, divine and natural laws, to substitute a pagan state to the Almighty Himself, who is the source of all good and therefore of all rights and freedoms.

I wish to protest against this materialistic and pagan trend. Allow me to say briefly what are, to my mind, freedom, and right and justice.

To be free does not mean to have one's own way with everything, to such a pass as to exalt evil to a system and to legalize injustice. To be free does not mean to organize opposition to God and persecution against His ministers, to deprive man of his faith in God. To be free does not mean to tolerate open warfare against God and the state which is the dispenser of justice from above. Freedom is the right man has to act for the good and not for evil. Liberty is the right to act, for temporal motives, according to human dignity and to the dictates of one's reason, which implies the respect of the rights and property of others, and for spiritual motives, which represent the ultimate end of man.

Indeed, if liberty means the right to do anything why then adopt a bill of rights? If such a bill is not based upon the recognition of God, how can we adopt principles consistent with His justice? If we are not agreed upon the basic principle of the authority of the state, which consists in enforcing respect for God, private property and social order, what would be the value of declarations which will substitute licence and revolution to true freedom?

Therefore, it is necessary to distinguish as between freedom of worship and the anti-social and anti-religious propaganda of certain sects whose tracts are filled with libels and blasphemies. Those anarchists demand freedom of religion but at the same time they defy the divine and human laws and spread hatred against the Catholic, Protestant and Jewish religions. Far from being advocates of true liberty, they are the fanatical partisans of licence and anarchy. I do not agree with the hon. member for Lake Centre (Mr. Diefenbaker) and the hon. member for Winnipeg North Centre (Mr. Knowles)—what a strange combination—in regard to the meaning of freedom of worship.

Jehovah's Witnesses and similar sects are entitled to their beliefs, but let them not deny other citizens the same privilege. Let them show regard for the law and the religious convictions of the majority and all will be well. As crown prosecutor for the province of Quebec, I have had to read some of their pamphlets that were a tissue of abuse and blasphemy, repeatedly condemned by our criminal courts. Whenever such people transgress the laws of the land, provincial governments can only summon them before the courts as in the case of any other law-breakers, and no one should seek to derive some political advantage out of a situation such as that. I don't see why an exception should be made, in the name of freedom, in favour of the very ones who disregard it and attempt, by libel and falsehood, to spread discord and hatred in a country like ours where peace, order and charity should be the rule. Man is not free to sow hatred; for he then abuses liberty which entitles him to act for the good and not for the destruction of society.

Who will claim that a member of society has a right to destroy the other component parts of that body? Right is everyone's due. Justice is that virtue which inclines the will to a recognition of the rights of others.

It is surely neither right nor justice to trample upon one's oath of allegiance or to betray one's country. A Canadian's first duty is to seek his country's welfare. Any deviation from this sacred duty must not only be punished but prevented by all means at the government's disposal.

I, therefore, congratulate the Government for having taken energetic measures to fight communism. A spy ring had been organized and constituted a menace to our country's security. A number of subversive acts were denounced and names were brought to the executive's attention. What was the duty of our government? According to the hon. member for Lake Centre, we should have refrained, for the sake of freedom, from interning those who were suspected of designing against the very existence of the Canadian nation. For the sake of this so-called freedom, were we to permit a group of enemies in our midst to maintain communications with certain foreign powers, to the prejudice of Canada?

Mr. Speaker, not only was the government entitled to do so, but they were in duty bound to stop, by all available means, the activities of a group suspected of jeopardizing our constitutional and social freedoms. It was a duty on a plane far superior to the temporary physical freedom of an individual against whom suspicions have not led to a conclusive proof.

I hope our bill of rights will never allow a traitor to enjoy his freedom while he is a menace to the majority of our citizens.

It is therefore imperative that in the Canadian bill of rights the divine as well as the temporal rights be safeguarded against any encroachment by enemies of Christian faith and social order.

Would it not be necessary, on that occasion, to ensure more protection for the rights of certain citizens and of the racial groups which are the very foundation of this country? As a matter of fact, the structure of our nation has been built up by French- and English-speaking Canadians; they have the same rights and it behooves them mutually to respect them, especially as regards language, education and religion. Therefore, I feel that complete recognition of those rights would go a long way toward the achievement of perfect unity in this country.

In the province of Quebec, the English-speaking minority enjoys, from the standpoint of education, the same rights and privileges as the French-speaking majority. Mr. Speaker, there is no reason why this principle should not be observed in all provinces toward the French-speaking minority. Let this principle be written into the charter of our rights and let the provinces accept all its implications by ratifying it. That is a ground of dominion-provincial understanding which no province would have the right to ignore. In so saying, I am neither raising prejudice nor rousing passions.

On the contrary, I claim, in the name of true liberty and plain justice, a right which is no doubt recognized by an overwhelming majority of this country's citizens. It is through mutual recognition of those fundamental rights that we shall make Canada a Christian democracy whose influence will extend throughout the world.

Mr. Speaker, let us be realistic and sincere. Our liberties rest upon the ten commandments which constitute a charter for free men in a Christian society. We must draw from true principles of charity the boundaries of freedom, that is the right to act legitimately for our own good and that of our fellow-citizens. Let us do justice unto others as we would wish upon ourselves and there will be room in this Canada of ours for all men respectful of divine, natural and civil laws. I hope that our country will never give shelter to the traitors, the anarchists and the ungodly.

(Text):

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I think the house has listened with interest and profit to the sober statement of the Minister of Justice (Mr. Ilsley). I have never criticized, either openly or otherwise, the action of the government in the espionage trials. I had my doubts, my fears and my reservations in regard to the procedure, but I did not know how much the government knew and consequently I felt that I was not in position to judge as to what they had done. On the other hand, I did not criticize those who were criticizing the government, because I felt that that was their right. But I did feel that there was a little too much criticism in the espionage cases when one took into consideration the lack of criticism in a case which I felt was much more important, where not just a mere handful of people were concerned but where several thousands were concerned. Several thousand Canadians had their freedom interfered with, their property rights taken away, and there was very little heard about the matter.

The persons concerned in the espionage cases were brought to trial and some were found guilty, which was justification to some extent for the action the government had taken. Others were found not guilty. But they had their day in court, while these other people to whom I refer, Canadians of Japanese origin, have not had their day in court up to this day. So I felt all along that too much attention was given to the one case and not sufficient to the other. In reality, the circumstances, that is the interference with freedom, was the same in both cases. If it was wrong to take away the freedom, at least for a short time until they were convicted or released, of the few concerned in the espionage cases, surely it was wrong in the case of the people of Japanese origin.

What I wanted to speak about tonight and my reason for taking part in the debate is to say that during the course of the debate I felt that the fundamental principles underlying human rights and human freedoms were not very much discussed. In my opinion, the basis of freedom is equality; where there is no equality freedom is limited. My reading of history leads me to believe that history down through the ages is largely a struggle of the working class to throw off the yoke of its exploiters and masters. The growth and extension of democracy have been brought about by

new classes coming up and taking part in the government. By such process has democracy been extended.

Much has been said about Magna Carta. Magna Carta in reality conferred freedom on but a small segment of the population of England of that time. The great mass of the English people were yet beyond its benefits, and indeed not for centuries down through the industrial revolution and even until 1874 when universal suffrage for the male population was adopted in Britain did the mass partake of the benefits of democracy.

I have here "British History in the Nineteenth Century", by George Macaulay Trevelyan, a noted historian, from which I quote a paragraph or two to indicate the position of the working class in Britain around 1795. At page 158 of this book, the author says:

> The Tory panacea for unrest had been proclaimed in 1795 by Bishop Horsley when he said that "the mass of the people had nothing to do with the laws but to obey them."

An hon. MEMBER: Why not?

Mr. MacINNIS: Because they had nothing to do with the laws. They did not have the franchise. They had no part in the administration of their country's affairs. As the reverend bishop said, all they had to do with the law was to obey it, and that remained the situation for a considerable time after that. So those who think that liberties and freedom are being curtailed are in my opinion, away off the mark. I do not believe that liberties and freedom are being curtailed. I believe that liberties and freedom are being extended every day. That is not to say that we should not be careful of those liberties and concerned to preserve them. To continue the quotation from Mr. Trevelyan, he says at page 159:

> Citizens, indeed, the workmen were not. They had no word in the government of England, and no civic position in the local area which they had come to inhabit. If they happened to be lodged within a chartered town, they lived under a close corporation and its municipal magistrates. If they were outside such precincts, they were under the rural justices of the peace and the antiquarian relics of the court leet. Neither urban nor rural authorities were called upon to provide for health, lighting, decency or education in a new factory quarter. They were content to quell riots and to arrest trade unionists, seditionists, deists, frame-breakers and other criminals.

For a long, long time after, that was the position of the working class in England, but that is not their position today, and they are not treating their so-called superiors in the way their own class had been treated for so many centuries.

Along the same lines I have another quotation from "The British People, 1746-1946," by G. D. H. Cole and Raymond Postgate. It covers the period from 1746 to 1946, and referring to the position of the industrial workers in Britain and more particularly to children of a tender age, the authors say:

> To this early period of labour shortage belongs the "parish apprenticeship" system, under which many thousands of children from London and other large towns, having become inmates of pauper institutions, were shipped in droves to the new factory areas, there to be bound apprentices to some cotton lord who undertook to feed and clothe them in a barrack built specially for their occupation, and even to give them a minimum of schooling in his factory school. This system, which, as we have seen, Peel's "first Factory Act" of 1802 was designed to bring under some sort of regulation, died out rapidly as soon as local supplies of child labour became available; for the factory owners soon found that "free" labour, which they could engage and discharge at will, came cheaper than pauper labour which they were bound to maintain throughout the period of apprenticeship, whether trade was good or bad. In bad times, the "free" factory children had to be kept by their parents, or out of the local poor rates, of which the factory owners paid only a relatively small part.

Those were the conditions in Britain for many, many years. How different in Great Britain today, under that "terrible" socialist government, where the welfare of the children is the first concern of the state.

Mr. RICHARD (Ottawa East): Is it any better—

Mr. MacINNIS: It is better.

Mr. RICHARD (Ottawa East): Any better than here?

Mr. MacINNIS: I am not talking about that at the moment. But while equality and the benefits of equality, freedom, have been increasing down through the years, they are still far from perfect.

I have heard several speakers declare that we could not have social security without the danger of losing our freedom. That is the philosophy of the well to do, the philosophy of the comfortably fixed, those who already have both security and freedom. But let me tell those people that the person who has lost his security has also lost his freedom; for what freedom has the unemployed got? What freedom does that man enjoy who must come and go at the behest of another? All the freedom he has is to accept what he gets, or he has freedom to starve. The man who has lost his security has also lost his freedom.

Mr. BLACKMORE: And his human rights.

Mr. MacINNIS: And his human rights; that is quite correct.

Mr. LESAGE: That is what the Prime Minister said.

Mr. MacINNIS: Yes, and he has been Prime Minister for a long, long time. My hon. friend spoke this afternoon and there were a great many flaws in his philosophy. It could be shot through with so many holes that you could drive a horse and cart through them.

Mr. LESAGE: It was the philosophy I learned in a university.

Mr. MacINNIS: I did not have the good fortune to go to a university, but I will back my philosophy and my ability to state it against the hon. member's any day, also its correctness in relation to present economic and social conditions. As I said before, as regards those who talk of losing our freedom if we are to have security, that is the philosophy of the well-to-do. We cannot have freedom unless we have security. We cannot have freedom in its fullness unless we have security.

A moment ago I said that equality was the basis, and the only basis, that freedom can have. In this country, in so far as there is division among us, that division arises because of certain people wanting a greater share of the goods they produce. Others fear that if those people do get a greater share of the wealth their labour produces they themselves will have to do with a smaller share.

That, after all, is the difference between us, largely, in the many industrial and the other disputes which arise between the various classes in the community. There is good ground for such disputes. The man who lives on an income of $5,000 or $10,000 has a great many things that the man who lives on an income of $1,000 or $1,200 or less does not have. Not only can the man with the income of $5,000 or $10,000 have certain things for himself, but he can do certain things for his children that the other man cannot do. And does anyone really think any man with spirit will see other children having things his children cannot have, without making a protest about it?

I have here a news item from the Ottawa *Journal* of May 6, 1947. It is a report of a speech made by Doctor G. E. Hall, dean of the medical school and president-elect of the university of Western Ontario. He was talking about the students attending university, and pointed out that the children of those in the low-income groups had far less chance of attending university than the children of those in the high income groups, or the middle income groups.

Mr. RICHARD (Ottawa East): We all know that.

Mr. MacINNIS: I am telling it to you now, so that you will know it better and do something about it, and so that you will not complain when the man in the low-income group wishes to increase his income so that he can send his children to university, too.

Mr. RICHARD (Ottawa East): Is that your fault or mine?

Mr. MacINNIS: I did not say it was your fault.

The ACTING SPEAKER (Mr. Golding): I would ask the hon. member not to interrupt.

Mr. MacINNIS: Doctor Hall said:

> There is no such thing as equality of opportunity. Among the so-called superior students those whose parents had incomes of $5,000 or more went with one hundred per cent to university. Only forty-two per cent of children whose parents with incomes of $3,000 to $5,000 went to university, and only twenty-two per cent from families with incomes of $2,000 or less.

Since we were told a few days ago by the Minister of Finance (Mr. Abbott) that more than one-half of the earning population of this country received incomes of less than $1,700, it will be seen how few of those in that group will ever get higher education and, consequently, be in a position to take any of the better jobs which come along in either commerce, government or the professions.

Mr. SMITH (Calgary West): Does Doctor Hall give the proportion of those who finish university? I think the hon. member is right in his figure respecting those who enter; but I think it is those in the lower income groups who get through. I was one of them.

Mr. MacINNIS: Those figures are not here; but I think that is not particularly important in this connection. What is important is not that one should have the ability to finish his education in a university, but that he should have an opportunity to enter it.

Mr. SMITH (Calgary West): I agree with that; I just wondered if the hon. member had the figure.

Mr. MacINNIS: I have no fault with the question. As I said, unless we extend equality of opportunity it is idle to talk about human rights and fundamental freedoms, because they do not and cannot exist without equality. I am not ,and I think no one else is in a position to say if a bill of rights should be passed

by this parliament as a statute, or should be an addition to our constitution. I believe they have a bill of rights in the constitution of the United States. I spent some few years in that country and through that fact together with my reading, I am fairly conversant with what takes place over there. I do not think they have any more freedom or assurance of freedom than we have in this country.

They passed numerous laws, besides the bill of rights itself, to protect the freedom of the individual. But instead of protecting the freedom of the individual, some of them have been used to protect the freedom of big business.

I hold in my hand a book entitled "The Folklore of Capitalism", by T. W. Arnold, who, I believe, was at one time either the attorney general or the assistant attorney general of the United States.

Mr. RICHARD (Ottawa East): How old is it?

Mr. MacINNIS: The book?

Mr. RICHARD (Ottawa East): Yes.

Mr. MacINNIS: It was published in 1937.

Mr. RICHARD (Ottawa East): You are always quoting some old book.

Mr. MacINNIS: Old books are worth reading.

Mr. RICHARD (Ottawa East): Yes, but you do not stand by them.

Mr. MacINNIS: Mr. Arnold was referring to the due process of law in the United States constitution, the fifth amendment. The due process of law provides that no person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval or other forces. And he pointed out that, instead of that amendment's now being used to protect the ordinary citizen, the ordinary trade unionist or other person who comes within the grip of the law, today—and this is what he says at page 34:

> Today this amendment is one of the reasons why railroads are protected from a federal pension system. Public control of business becomes the same as taking away property. Great national organizations become individuals.

We cannot in my opinion, base our assurance of enjoying freedom on a statute or as part of the constitution.

I think the hon. member for Lake Centre (Mr. Diefenbaker) would argue that there are sufficient safeguards in our laws to protect the people who were mixed up in the espionage cases. But it is clear that those statutes did not save them. I am certainly convinced that there were laws to protect the persons of Japanese origin who were removed so ruthlessly from their homes on the Pacific coast. And yet it was not done.

Our liberties, regardless of what is in the law, can never be safe unless we are ever watchful that nothing shall interfere with them.

Mr. PAUL EDMOND GAGNON (Chicoutimi) (Translation): Mr. Speaker, the government is to be commended for proposing the nomination of a committee on human rights and fundamental freedoms. I hope this motion will meet with great success.

But let us not delude ourselves. The standard definitions of freedom and human rights were coined centuries ago and have long since been embodied in the statute books of so-called civilized nations, where they lie dormant, save when the crash of guns breaks in upon their slumber.

Every time men are bent on devouring one another, those rights and freedoms provide material for tirades and slogans intended to whet the soldiers' mettle. But when the struggle is over, they don the shrouds which they had shed for a time, and men soon forget the destruction wrought in their name.

"All good maxims are in the world, but we fail only to apply them." Thus spoke Pascal, three hundred years ago.

The important thing, to my mind, is not therefore to seek new definitions, nor to enlarge the scope of our governing principles, nor yet to place a new legislation on our statute books, but to show Americans, Europeans and Asiatics how we Canadians make use of the freedoms secured through the valour of our pioneers, the heroism of our discoverers, the martyrdom of our missionaries and the blood of our soldiers. It is to act in such a way that our country set an example to the rest of the world, so that all may know that in North America, in this beloved Canada of ours liberty is respected by all, and that it is alive not only in our minds and in our hearts but also in the acts of our parliaments.

"Theories are not conducive to progress; they only lead to upheaval." We must not imitate Plutarch who beat his slave while writing fine speeches on morals, or Cicero who reproached himself with feeling too deep a sorrow upon the death of a beloved servant.

Mr. LESAGE: Or Mr. Duplessis!

Mr. GAGNON: "Christianity with its doctrine of equality before God and human brotherhood caused the greatest moral upheaval among ancient communities" and set

free millions of slaves and Christianity will bring perfect happiness to modern society. If mankind is to survive it must heed the precepts set forth in the gospel by the Saviour and put into practice the divine commandment: "Love thy neighbour."

Liberty, Mr. Speaker, does not thrive upon empty talk and legal documents. It requires concrete facts, tangible acts, a sincere attachment and courageous men ready to carry its torch into all the homes of the world, from the richest to the poorest.

Liberty is dying today from the ridiculous misuse of its name; it is withering away from abuse in the hands of leaders of nations. In order to give it a radiant and beaming life, it is necessary to apply strictly the sacred principles which make it so fine and so essential. It must be jealously guarded against abuse by those who, mistaking it for licence, turn it into anarchy. In heaven's name I hope that the new charter will not have the same lamentable fate as its famous predecessor, the Atlantic charter of April 14, 1941. Canada, with other allied countries, had also signed, on January 1, 1942, the famous declaration of the allied nations, which came out of the Churchill-Roosevelt agreement. What happened later on, to quote only one of the articles of the charter, clause 3, which provided that:

> Their governments respect the right of all nations to choose the political system under which the latter shall live and desire restoration of the sovereignty and autonomy of those deprived of them by violence?

Who thinks today of that declaration, Poland enslaved by Russia, Czechoslovakia, Russia's satellite, Archbishop Stepinac's Yugoslavia, who all signed this solemn pact and are now prone under the muscovite yoke?

The Right Hon. Minister of Veterans Affairs (Mr. Mackenzie), referred last Friday to the many violations of the Magna Carta in Scotland, his native land. It would be interesting to recall here the many violations of our constitution of 1867 and the provincial liberties transgressed and tampered with in the last 80 years by the central power.

The government, which must set the example should respect and recognize provincial rights just as hon. members of this house should be consistent in granting others the same freedom they claim for themselves and in not denying their political opponents, outside this house, the right to disagree on certain matters and to fight for the triumph of their cause.

It is so easy and it takes so little courage to insult those who are absent and are immensely superior to their slanderers, that I am not surprised to see some hon. members take the opportunity of their contributing to the debate or use the services of that hotbed of Liberal propaganda, the Canadian Broadcasting Corporation, to attack those who, in spite of blackmail by the federal authorities, in spite of all sorts of threats and pressure by centralizers, stubbornly insist on defending the rights and freedom of the citizens they are committed to help and protect.

Mr. LESAGE: Sacred freedom!

Mr. GAGNON: If, however, there was ever a man who should give the example of gratitude and respect for the provincial authority, who should, I repeat, be grateful to the Quebec government for allowing him to enjoy the benefits of our institutions, our broad-mindedness and the goodwill of all our people, it is the hon. member for Cartier (Mr. Hartt), whose recent charges against the leader of the Union Nationale and whose perfidious innuendoes against worthy nuns of Montreal are particularly malicious and stupid. Have not the French Canadians been specially generous to him—

Mr. LESAGE: That is not your fault.

Mr. GAGNON: —and have they not shown him a measure of confidence which I am tempted to regard as being exaggerated?

For my part, I am glad to tell him that every time he will attack, without reason, the authorities of my province, whether they be represented by Liberals or Union Nationale members, every time he uses insulting words against those who have been entrusted with the leadership of Quebec, I shall rise in my place to denounce him. "Freedom of expression is not freedom to lie," wrote André Maurois.

If the French Canadians were treated by the Ottawa government and by the other provinces of the dominion with as much consideration as the province of Quebec shows for its minorities, we would not have to spend our energy in claiming rights which should be recognized to us without any resort to bargaining or subterfuge. The province of Quebec is in favour of order and peace. "Freedom is our sun", and we will not permit organized gangs or godless sects to extinguish its light.

We live on very good terms with our fellow-citizens whose language and religion are different from ours, but the government which is now in power in my province will never let Jehovah's Witnesses, communists and others of the same ilk—

Mr. LESAGE: And the Lachute workers.

Mr. GAGNON: —take advantage of the freedom we extend to them to sabotage our institutions and contaminate the sound ele-

ment of our population. Let them go to Manitoba, if they wish. They shall no doubt enjoy there the protection of the honourable member for Winnipeg North (Mr. Stewart), who seems to have such a soft place for them in his heart. We shall not complain if they move there, and we shall not be sorry to see them go. In the province of Quebec, no one has the right to commit crimes in the name of freedom and I hope our leaders will never forget that "the word freedom may sometimes lead men into slavery".

Because it cherishes freedom, the province of Quebec does not want to be fouled by trouble-makers, anarchists or advocates of revolution. Neither does she want to become a ghetto for the communist-minded Jews from the lowest strata in European countries.

Mr. HARTT: Is that what you call freedom?

Mr. GAGNON: Before concluding, I wish to quote a few words from a highly respected patriot of our province, Canon Lionel Groulx. They show much better than I could do it myself the contribution made by the French Canadians in the preparation of an unwritten bill of rights in this country:

> Never before in the civilized world have freedom, the rights of the human person and western humanism been discussed as much as they are at present. We French Canadians have not contributed quite as much as others to the greatness of our country in certain spheres, the commercial, financial and industrial, for instance, but no one has surpassed our common contribution to Canada's political or constitutional progress, to its climb towards freedom. One hundred years ago, our people were the first to disseminate the initial formulae of political liberty. Nowadays, we again remain in the van of the country's national aspiration towards a less theoretical independence and in its resistance to oppressive centralization. The achievement of Acadian and French-Canadian minorities in Canada has run a parallel course. The people of our race have fought and still suffer today; why? Because they have refused to submit to the rule of might; because, true sons of freedom-loving ancestors, they have not stood for any encroachment upon their rights as fathers, men and citizens; because they believed in Christian equality of rights and refused to consider constitutions mere scraps of paper. I claim that such examples of courage and human dignity, though set by humble folk, none the less carry the stamp of grandeur and fruitfulness. These little people have done good service to the whole country. The fact must be proclaimed and will remain our exclusive glory as long as it is useful and fitting to resist oppressive state control as well as blind levelling powers that aim at standardizing the species; as long as clinging to the stars remains a lofty privilege, as long as we hold necessary to the life and greatness of the country reverence for those ancient ideals called spiritual values, that is to say, loyalty to one's cultural heritage, human freedom, justice and right.

[Mr. Gagnon.]

(Text):

Mr. NORMAN JAQUES (Wetaskiwin): I have listened to this debate with much interest, Mr. Speaker, but I cannot say that I feel very happy as a result of it. I have listened to the criticism from this side of the house. Unfortunately I do not understand the French language, so that I do not know what the French-speaking members have said. But I cannot agree with the criticism made of the Department of Justice and the royal commission for their part in bringing the spies to trial. I must say I do not quite see the purpose of this bill of rights. I do not quite see what is behind it. I do not know why Canadians should need to pass laws in this day and age for the purpose of securing the freedoms and human liberties. Who and what threaten our liberties today? The Canadian people have arrived at a state of freedom which, if it does not surpass, certainly equals the liberty of any people who have ever lived on this earth. It seems to me that what threatens the freedom of the Canadian people —and that of all other people for that matter— is nothing more or less than the threat of surrender of the sovereignty of this country. To those people who are so anxious to protect the liberties of the Canadian people, I put it to them to tell this house and the people outside this house how they intend to guarantee the freedom of the Canadian people when they propose to surrender that freedom to international control. That is what I should like to be told. Many hard things have been said of the procedure taken against the spies. I am not a lawyer, so that I am ignorant of legal terms and language; but many harsh things have been said about the actions of the commission and even of the Royal Canadian Mounted Police.

Spies are not ordinary criminals. The ordinary criminal attacks individuals and he can be treated as such, because his threat is no more than a threat against an individual. But a spy is at war against the state; that is, he is at war against everybody in the state. It is true that some of the accused were afterwards found not guilty. I must say that I think it is curious that the longer the trials were continued, the bigger was the percentage of the accused who were released. I know there was an immense amount of pressure brought to bear. One hon. member—I think it was the hon. member for Temiscouata (Mr. Pouliot)—obtained the information that outside pressure was being brought to bear in the interests of the accused; pressure from the United States, for instance. But even if some of the accused were found not guilty, is anyone

so naive as to think that people who chose as their intimate friends and companions above all others—as the accused did for years—persons who were afterwards convicted of spying, did not know what was going on? I cannot bring myself to believe such a story. Legal proof may have been wanting, but I have no doubt in my mind of their moral guilt.

I think that the people of this country owe an immense debt. Perhaps the greatest service that has ever been rendered to them, in peace time at least, was the service which was rendered by the Department of Justice, the royal commission and the Royal Canadian Mounted Police by exposing the spy ring. I should like to record my appreciation of the fact that at least some of these spies were brought to justice. If there was a mistake I think it was that the inquiry stopped short. There are plenty more, Mr. Speaker, who while they may not be committing legal offences, beyond question are working to undermine the faith and loyalty of the people of Canada, and such people have no right to be in the employ of this or any other government. I was glad when Mr. Ahearn, who, I believe, is not a politician, was moved to provide for Mr. Gouzenko's future. I think that was a fine gesture, and I should like to congratulate Mr. Ahearn on what he did. For let us consider that in spite of our Department of Justice and even despite our most excellent mounted police—and there is no finer police force in the world than the Royal Canadian Mounted Police—had it not been for Mr. Gouzenko, who was able to produce the legal evidence, these spies still would be at work selling out this country and the Canadian people. Therefore I say the Canadian people owe an immense debt to Mr. Gouzenko for what he has done.

With regard to the civil liberties organizations, there is no doubt that most of them are part of the communist front. I am not going into that aspect of the matter tonight; I make the statement, and I shall stay with it.

Mr. POULIOT: If my hon. friend permits, he referred to Mr. Igor Gouzenko, not Mr. Nicolai Gouzenko?

Mr. JAQUES: Well, I do not know that I did, but the man to whom I was referring was the man who supplied the information which brought about the conviction of these spies.

With regard to the civil liberties people, who are so anxious to assert and to parade their belief in liberty, let me quote from the report of the royal commission, at the bottom of page 223. I have quoted this before in the house, but I make no apology for quoting it again:

A statesman with every means of observation wrote in 1937:

"A communist is not only the holder of certain opinions; he is the pledged adept of a well thought out means of enforcing them. The anatomy of discontent and revolution has been studied in every phase and aspect, and a veritable drill book prepared in a scientific spirit for subverting all existing institutions. The method of enforcement is as much a part of the communist faith as the doctrine itself. At first the time honoured principles of liberalism and democracy are invoked to shelter the infant organism. Free speech, the right of public meeting, every form of lawful political agitation and constitutional right are paraded and asserted. Alliance is sought with every popular movement towards the left."

That is a quotation from the book "Great Contemporaries," by the Right Hon. Winston Churchill.

I now come to what I think is the main point of this whole question. How were decent, honourable, loyal citizens converted into spies, so that they were not only willing but anxious to work against their own country? We have the answer in the report of the royal commission, and I am going to quote it at length, for I know that very few people outside this house have read this report. Here the commissioners are describing how these young Canadians were persuaded and twisted and turned from their loyalty to this country to become spies, and at the bottom of page 72 they say:

As the courses of study in the "cells" undermine gradually the loyalty of the young man or woman who joins them, it is necessary to say something as to the content of the courses pursued in them, as that is reflected by the evidence.

The curriculum includes the study of political and philosophic works, some of them far from superficial, selected to develop in the students an essentially critical attitude towards western democratic society. This phase of the preparation also includes a series of discussions on current affairs, designed to further a critical attitude toward the ideals of democratic society.

But this curriculum would appear in reality to be designed not to promote social reform where it might be required, but to weaken the loyalty of the group member towards his or her own society as such.

Linked with these studies at all stages, moreover, goes an organized indoctrination calculated to create in the mind of the study-group member an essentially uncritical acceptance at its face value of the propaganda of a foreign state.

Accordingly the study groups are encouraged to subscribe to communist books and periodicals. The *Canadian Tribune* and *Clarion* of Toronto, *New Masses* (a periodical published in the United States), *National Affairs* of Toronto, and *Club Life* have been among those mentioned as regular objects of study and discussion in these groups, as well as selected books on Russia.

In some cases the effect of these study courses seems to be a gradual development of a sense of divided loyalties, or in extreme cases of a transferred loyalty.

Thus it seems to happen that through these study groups some adherents, who begin by feeling that Canadian society is not democratic or not equalitarian enough for their taste, are gradually led to transfer a part or most of their loyalties to another country, apparently without reference to whether that other country is in actual fact more or less democratic or equalitarian than Canada.

Here is a paragraph which to me appears to be important:

Indeed, a sense of internationalism seems in many cases to play a definite role in one stage of the courses. In these cases the Canadian sympathizer is first encouraged to develop a sense of loyalty, not directly to a foreign state, but to what he conceives to be an international ideal. This subjective internationalism is then usually linked almost inextricably through the indoctrination courses and the intensive exposure to the propaganda of a particular foreign state, with the current conception of the national interests of that foreign state and with the current doctrines and policies of communist parties throughout the world.

Let me repeat one sentence:

In these cases the Canadian sympathizer is first encouraged to develop a sense of loyalty, not directly to a foreign state, but to what he conceives to be an international ideal.

There is the whole reason for the intense opposition to what is now called nationalism. Nationalism is opposed to internationalism and, as long as a man believes in and stands for nationalism, his loyalty to his country cannot be undermined. That is the reason for the attacks on nationalists, not only in this country but in the United States. Those attacks always come from the communist front. That is why I am a nationalist and why I intend to stay a nationalist. It is the only protection against the modern form of disloyalty. It is the only protection that we have against a foreign state or a foreign ideology which has one purpose only, the enslavement of the world.

That puts a label upon all those people who have attacked nationalists as such, including myself as a so-called leader of nationalists in this country. I am a social crediter, and I am proud of it. That is my answer to those people who attack me, because I stand for Canadian nationalism which means loyalty to Canada and to the Canadian people.

Mr. POULIOT: The question is not to be a nationalist leader but to be sincere.

Mr. BLACKMORE: It is pretty clear that he is sincere.

Mr. JAQUES: No man can serve two masters. May I turn for one moment to certain attacks which have been made upon me, upon this group and upon the social credit movement. All social crediters are nationalists in the sense that they are loyal to their country. Nothing will move them from that. I have in my hand a magazine called *Today*. I do not know whether it has led the fight, but it has certainly been prominent in the fight against and in smearing me and in smearing the social credit movement in Alberta and in Quebec. It always boils down to this: Our crime is that we are nationalists. This magazine is called *Today*, but I understand it is no longer published.

Mr. MacNICOL: Yesterday now.

Mr. JAQUES: It might be called "Yesterday." I understand that the social crediters of Quebec do not speak of today because their paper is called *Vers Demain* or towards tomorrow.

Mr. POULIOT: The old tomorrow.

Mr. JAQUES: They look ahead, not back. Underneath the title of this magazine today appears, "Anglo-Jewish Monthly." Let me say at once that this magazine is no more Jewish than I am and it is no more Anglo than is the hon. member for Cartier (Mr. Hartt).

Mr. HARTT: Well put; I agree with that.

An hon. MEMBER: It must be wrong.

Mr. JAQUES: I have here the facts of how this magazine was started, who started it and why it was started.

Mr. SPEAKER: I am sorry to interrupt the hon. gentleman, but I would call his attention to the motion before the house to which the discussion should be relevant. The motion is to appoint a joint committee of both houses to consider the question of human rights and fundamental freedoms and the manner in which those obligations accepted by all members of the united nations may best be implemented. The hon. member's discussion should be relevant to the motion before the house.

Mr. JAQUES: With all due deference, I maintain that what I am saying is absolutely pertinent to the subject under discussion. I believe we are discussing a bill to protect our liberties and human rights, and I am endeavouring to show that the real threat to our human rights and freedoms is not the way the Department of Justice handled the spy case; it is the actions of those who are so anxious to discredit the Department of Justice, the royal commission and the mounted police. I think, when hon. members hear what I have to say, they will agree that this is pertinent.

The magazine *Today* was planned by a national organizer of the Labour Progressive party, J. Gershman, in order to obtain the confidence of the Zionist and B'Nai Brith organizations. In July, 1944, R. S. Gordon, staff writer of the *Canadian Tribune* left that publication to become editor of *Today*. Contributing editors were R. A. Davies, Mark Tarail, Beryl Truax, Bernard Mergler and Dyson Carter, all members of the communist party. Associated with them were Doctor Leopold Infeld, Monica Mugan, J. A. Gagnon, Professor B. Fairley, D. Wren and Louis Fitch, all definitely communist supporters. Daniel Ross, the first business manager, was educational director of the L.P.P. in Toronto. He was replaced by Sam Walsh of the Young Communist League.

Mr. HANSELL: Quite a picture!

Mr. JAQUES: The reason I quote that is to point it out to those who apparently are unaware of just what is going on. There you have a magazine which has gone out of its way to attack the social credit movement in general and me in particular, and I might add to attack the leader of this party and the social credit movement in Quebec. It attacks us on the ground of fascism and anti-semitism, but when we come to look into the thing we find that it is purely a communist paper and nothing else.

Just to give one illustration of the policies of this paper, here it attacks the Minister of Mines and Resources (Mr. Glen), for whom I have the greatest respect. It is speaking about the Polish soldiers who were brought to this country and says:

These Polish fascists must be farmers, according to the statement of Mr. St. Laurent—

It includes the former minister of justice.

—and will presumably be settled in the province of Alberta, where there are a considerable number of veterans who have not got jobs. Why does Jaques go out of his way to praise Watson Kirkconnell for espousing the cause of these anti-Semitic thugs—

Referring to the Polish soldiers, of course.

—selected for the pogrom spirit? Mustn't sneeze at 4,000 well-trained allies who can be relied upon to teach the people of Alberta and Canada some of the elementary principles of pogrom-making.

That should give the members of the house and the public some idea of the sort of propaganda that is being used against the social credit movement in general and against me in particular, and of course that sort of thing is not confined to this magazine. I quote it only because I happen to have a copy here. If one listens to the radio or reads the columnists in various papers one cannot fail to be impressed by the immense amount of communist propaganda that is being put out by men like Elmore Philpott, for instance, who for years has been steadily trying to undermine the loyalty of the people of this country, continually criticizing the conditions of this country in comparison with that of Russia, but he takes mighty good care to stay in Canada and not go to Russia.

That brings me to the Canadian Broadcasting Corporation and the film board. Why should men like Philpott be given all the time apparently they want, and they have been given it for years on the Canadian Broadcasting Corporation? They have no responsibility to anybody. But those who stand up for this country and for its institutions and are loyal to this country and denounce those who are not loyal, what do we get? Nothing but smears and criticism from the press and the radio.

Mr. POULIOT: Bill of rights! Bill of rights!

Mr. JAQUES: Let me quote the second part of Mr. Churchill's statement about communist methods:

The creation of a mild Liberal or socialist regime in some period of convulsion is the first milestone. But no sooner has this been created than it is to be overthrown. Woes and scarcity resulting in bloodshed are to be arranged between the agents of the new government and the working people. An apologetic attitude in the rulers should be turned to profit. Martyrs are to be manufactured. No faith need be, indeed may be kept with non-communists. Every act of good will, of tolerance, of conciliation, of mercy, of magnanimity on the part of governments, or statesmen is to be utilized for their ruin. Then when the time is ripe and the moment opportune, every form of lethal violence, from mob revolt to private assassination, must be used without stint or compunction. The citadel will be stormed under the banners of liberty and democracy; and once the apparatus of power is in the hands of the brotherhood, all opposition, all contrary opinion must be extinguished by death. Democracy is but a tool to be used and afterwards broken. The absolute rule of a self-chosen priesthood is to be imposed upon mankind without mitigation, progressively forever. To be forewarned is to be forearmed.

Finally, to bring the thing up to date, I notice an article in Saturday's paper, dated from Hollywood and headed "Russia using Hollywood to crush U.S., says Menjou". I understand that Mr. Menjou is a movie actor. I am not going to read the article, but at the end it says:

Communists in Hollywood have caused hundreds opposing them to be fired by ganging up—

That is by communist ganging up.

—on their innocent patriotic victims.

A year ago the nationalists, for whom I have spoken on two or three occasions, were unable to hold meetings in Los Angeles

because of the communist opposition organized against them—twenty thousand communist pickets in Los Angeles, and those pickets were organized by the then attorney general of the state of California. The leading movie artists and the leading moving-picture people helped to organize and finance that tremendous opposition in Los Angeles. When I was there last December we held our meetings in peace—no pickets and no disturbances. The tide has turned. Now the communists are on the defensive. Now they are appearing before the committee on un-American activities, and have to explain their actions. And let me warn the people who think they are doing this country a service by attacking nationalists who are loyal to the country, that the tide is turning. It is turning in the United States, and when it turns there it will turn here. And when it does turn I should not care to be one who has shown that his loyalty is not to Canadian nationalism, but to the cause of internationalism and communism.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, I always enjoy listening to a debate like this, which probably is a late result of the reconsecration week of six years ago. I do not know to what extent it will be profitable, but we hear fine expressions of what the Prime Minister (Mr. Mackenzie King) calls good will. It is good will for all the nations of the world, and it is a good sign.

But if we are going back to the past, and if we think of what has happened even in this house, we might recall that seldom charity begins at home, and that some members of parliament are more inclined to say to others: "Do as I say, not as I do."

That is something which happens naturally during a war. It is a case of intermittent folly, and the intervals of lucidity are signalized by amnesia. It is a diagnosis I have often made; and I noticed that during the war there was only one way to think, a way contrary to that which has been expressed by the hon. member who has just spoken. During the war one was not permitted to say that he was a red-blooded Canadian. No; one had to be an imperialist; one had to be a colonial; one had to think only in terms of the British empire and the British commonwealth. That was the mental state, not only of one but of all during the war.

I do not know who has hypnotized my colleagues whom I like very much, but it was not only on this side of the house that that feeling existed. It was the feeling among all groups and parties, with few exceptions. And all seemed to be proud of that inferiority complex toward the empire and the commonwealth. Everybody was proud to be an empire serf or a colonial or commonwealth serf. They were glad of that; and in different language they were repeating what Lord Bennett said at the time he sailed for England, "I am going home"—when everybody was sending him elsewhere.

But that is what happened. During the war I was called a supporter of Hitler by those who were strong for the bill of rights, because I was defending the rights of the farmers, the railway men and those who were helping the war effort while working in overalls. During the war I was told by a cabinet minister that the only duty of a Canadian who was in good health was to enlist, thereby leaving aside all labouring men. And there was no protest in the house.

Moreover I remember at the time the plebiscite bill was being discussed in committee, the chairman, who is no longer in the house—

Mr. SPEAKER: I am sorry to interrupt the hon. member, but until now I do not think his remarks have been relevant to the motion.

Mr. POULIOT: Mr. Speaker, I have been reading most carefully what appears in the motion, and I am inspired by some of the names I see in it. I name nobody, but I should like to make a comparison between what happened in yesteryear and what has been said today.

Naturally, as you know, in court we can examine a witness upon his record. That is not a bad thing. It is permissible to question witnesses upon what we call their credibility. I am not so sure about the degree of credibility of some of those who have spoken about the bill of rights and about those lofty ideals which I have not yet seen in action.

But, sir, if I read the motion correctly, I find that one of the human rights is freedom of speech; and my freedom of speech was encroached upon by the chairman of the committee of the whole when the plebiscite bill was before that committee. I remember that that gentleman, who is now somewhere else, was railroading the bill through, probably to get spurs—or I do not know what else. I rose in my place and he said, "Section 6 adopted." We were then on section 7. I said, "Mr. Chairman"—and he said, "Section 7 adopted". I said "It is not adopted; I was standing in my place at the time it was

called. I was standing at the time the previous section was called." He said, "It is carried" and it was, finally. Bill of rights!

I remember, sir, that I made reference to the promise made by the Minister of Veterans Affairs (Mr. Mackenzie) to give a million jobs to the veterans. It was sinful to mention that in the house, and he called me a demagogue because I referred to a promise he had not fulfilled.

An hon. MEMBER: What is a demagogue?

Mr. POULIOT: I do not know what it is, but it must be a big insult. Bill of rights! I remember that not so long ago some members were insistent about the N.R.M.A. men who had not served the sentence that had been imposed on them. Bill of rights! Bill of rights! They thought that the law was not severe enough upon them and that Quebec was the greatest sinner in that regard. Bill of rights! Bill of rights! How many times did we hear that from people who have now a new flag—the flag of rights? They never speak of duties but of rights, like Robespierre, and the men who drafted the declaration of human rights at the time of the French revolution—les san-culottes. Les sans-culottes qui parle des droits de l'homme. It is the pantless who speak of the rights of man. I use an historical expression.

How much did we suffer? How much were we insulted by the press? We had here Mr. Cardin, who was a most honourable man, and there were others. There was Mr. Raymond. I do not always agree with him, but he is a most honourable gentleman and there were many others. There were those who crossed the floor with him, and especially my dear friend the hon. member for Levis (Mr. Bourget), who is a most estimable gentleman. We were all called fifth columnists because we were not imperialists, and it takes courage for the member who preceded me (Mr. Jaques) to have said that he was a nationalist. I am not a nationalist; I am a Liberal. I believe in love of country, and I believe it is no sin to be a nationalist; but it takes supreme courage to make that affirmation in the House of Commons. Why? Because freedom of speech is a fake here. It does not exist. There is an atmosphere which is created to destroy the personality of a member of parliament as soon as he takes the oath of office. We notice that. It is visible. A member of parliament the day after he is sworn in is different from the man he was before he was sworn in. Why? Because there is a special atmosphere here in Ottawa, an atmosphere that reduces the heads of some people to the size of small oranges as the Indians do in Ecuador. I do not say that to be offensive; I say it because it is true.

Sir, I will tell you of an incident that occurred in 1936. You were not in parliament and the Sergeant-at-Arms was not the one who sits here today. There was a young man from my county, a very nice fellow, who had been appointed a messenger of the House of Commons upon my recommendation. He was doing his work well and was most unobtrusive. No one had complained about him. He was all right. He was a good messenger. One day I had an argument with the then minister of finance, who was not the present Minister of Justice—it was one of his predecessors—and the leader of the opposition, who was Lord Bennett. It was about some high officials who had been under the wing of Mr. Bennett for a time and who had succeeded in making themselves comfortable under the Liberal wing, under Liberal feathers. History repeats itself.

Mr. LOW: Liberal tail-feathers?

Mr. POULIOT: Well, I am not insistent on particulars. But one day I was up in my office and the boy came in—well, he was a man of twenty-eight or thirty years of age—bent in two, and he started to cry. I am not touched by the tears of a man except one who is in mourning, who has lost a parent or a very dear friend. I asked him, "What is the matter with you?" He said, "I will tell you. The day after you said to Mr. Bennett and Mr. Dunning that you would put both of them in the same bag"—of course, I did not add that I would drown them, because I would have kept my promise—"I was transferred from my job of messenger to cut ice downstairs, and the first day I worked at that it was pretty hard on me. I did not tell you when you recommended me that I suffered from rheumatism, but the day after that I bought another pair of gloves and tried to do my work. Now I am bent in two and I cannot go on like that. I am very sorry; it is impossible." I said, "Wait a minute". I went down to the office of the Sergeant-at-Arms and said, "You are just a bunch of swine. The way you have acted with this man is a shame on all of you, and if you do not send him home to recuperate and give his job back to him I will rent the largest hall in Ottawa; I will have a radio, and I will denounce you all as a bunch of swine." He said, "Send the boy to me and I will fix him up." And he was fixed up. The year after, Charlie Dunning said to somebody, "Well, I tried to corner him and I did not succeed."

Well, I thought it was cowardly but it happened; it happened under this roof. No bill of rights! No bill of rights! I wonder if with a bill of rights like that it will be better than when I was insulted by Ralston, when he was falsifying my work. Who rose in my defence; who defended the draftees against Ralston in English discussion; who defended the workers of the soil; who defended those engaged in industry, and who defended the member for Temiscouata? I was defended by my hon. friend the member for Peel; I was defended by my hon. friend the member for Saskatoon City; but I was fighting the fight of the common man without any support in the house most of the time. I had to put up my own fight alone and I suffered a lot, but I did not complain about it.

When I hear the discussion about a bill of rights, I think of most of the speeches that have been made, with few exceptions; and I mention among the exceptions the one that was made just before I spoke, the one that was made by the member for Chambly-Rouville (Mr. Pinard) the one that was made by the hon. member for Broadview (Mr. Church), because they were not in the moon when they spoke. They spoke about actual facts. How can we expect to rule the whole world when the leaders of the other countries pay no attention to Canada?

It reminds me of a story of the late Mr. Lapointe, at one time minister of justice. He was brought up in the country; he knew the ways of living of the people, and he used to tell with great humour very fine stories that had a touch of philosophy. He had two friends in the county of Kamouraska. One of them was a client of mine. He was a notary public and his initials were T.M.T.—not T.N.T. He had a cousin there. He was not a notary public and his name was Wenceslas, and he used to be called Cariboo. When he spoke, people used to say "Boom, one cariboo; boom, boom, two cariboo." But this is of no importance whatever.

There was a day when it was a great honour to be on the same seat with a member of parliament. In those days there were carriages with two seats but four places. Wenceslas sat in the back where Mr. Lapointe was to sit, leaving the front seat next to the driver to T.M.T. Then T.M.T. was quite indignant. He said, "Wenceslas, take your place. Sit in the front." Well, the story of Canada is not very different, and I am sorry about it. All the powers tell the duly accredited representatives of Canada, "Take your place, Canada; sit at the tail-end."

Now we are going to reform them. It is purely academic. I find this debate frivolous and I find it futile. I said that once before on another occasion. I find that nothing will come out of it except expressions of good will which lead nowhere. This house must reform itself. We must not simply speak phrases. We must first set an example of good will, understanding, and tolerance to others. When a member of parliament is speaking here, some hon. members say, "Time, time," or "Quack, quack."

Mr. ROSS (St. Paul's): "Quack" yourself.

Mr. POULIOT: Well, I will tell my hon. friend that I will say that to him the next time he speaks and I shall be doing only as he has done. I have been most tolerant. I have not interrupted the hon. member for St. Paul's (Mr. Ross). I have compassion for him. He shows the extent of his sincerity in supporting a bill of rights. There is no more intolerant man in this house than the hon. member for St. Paul's. He will support the bill of rights, and he will go to Toronto (St. Paul's) and say, "I am for the bill of rights." What rights? He will be unable to say, but he will be for that bill of rights.

Mr. ROSS (St. Paul's): Let the hon. member speak for himself, not for me.

Mr. POULIOT: If the hon. member gets angry it will be a good thing, because he is never so eloquent as when he loses control of himself.

One matter to which we should all give thought is that of discontinuing making speeches which amount to nothing.

Mr. ROSS (St. Paul's): Hear, hear.

Mr. POULIOT: Surely, "Hear, hear." What will come out of the discussions of Friday and today? Will Uncle Joe Stalin, the Americans across the border and the Chinese be much concerned about the marvellous speeches which were made here on Friday and today?

Mr. BENTLEY: We will send them a shipload of platitudes.

Mr. POULIOT: I do not know; perhaps they will make a different use of the paper which is sent to them.

Mr. KNOWLES: What were you saying about the debate in this house?

Mr. POULIOT: I think my hon. friend is perfectly right when he speaks about platitudes, expressions of good will, being printed in the reports of these two sittings. We suffered a good deal. I remember one day when there was another chairman of the committee of the whole and when there was the assistant in Doctor Beauchesne's chair. My

case was clear. The chairman ruled in my favour, but a member of the cabinet winked and then he changed his ruling.

Mr. ZAPLITNY: He started a romance.

Mr. POULIOT: He wanted me to apologize for saying that Ralston had put into my mouth words that I had never used. That was pretty tough, you know. And when I had to withdraw the expression "pompous" as applied to brass hats, it was also pretty tough.

An hon. MEMBER: You bet.

Mr. POULIOT: And it was the tougher because the request came from the Prime Minister (Mr. Mackenzie King). It is hard to realize how difficult it is for a private member to stand by his guns and be true to his convictions, even if he is wrong, provided that he is sincere.

As you know, sir, during the war exemptions were allowed for conscientious objectors, Mennonites, Hutterites, and Doukhobors; but after the farmers had been promised exemption from military service, they had to join the colours. You remember the difficulty we had in trying to defend them just because there were some men in the army and in the department who thought that the duty of every Canadian was, as was stated in the house by the government, to join the colours. I am not anti-militarist any more than I am anti-British. But I find that it is a provocation of Russia to continue to consider her as a country which desires to wage war on Canada. I am not pro-Russian either. I am pro-Canadian. I am not any more pro-Russian than I am pro-British; and I am not anti-British either. But I consider Canada before England, Russia, France, China or any other country in the world. There was an investigation directed against the Russians, at the instigation of Igor Gouzenko. The evidence was obtained; the trials were very well prepared, and some of the accused people were found guilty. There were other arrests during the war. There was the arrest of Mr. Chaloult, as well as of Mr. Drew. But proceedings against Mr. Drew were stopped. He did not undergo any trial, but Mr. Chaloult did. But the hon. member for Lake Centre (Mr. Diefenbaker), who came to the defence of Mr. Drew—and quite rightly—did not say a word in defence of Mr. Chaloult who had won his trial in Montreal. I will tell my hon. friend that I do not believe in the civil liberties league. I think those who are in all those leagues are just imposters who exploit human credulity and who are ready to defend scoundrels at the expense of honest men. Moreover I will tell my hon. friend and you, Mr. Speaker, that during the war very discreetly I looked after a bitter Tory journalist from Toronto, as well as a French journalist from Montreal. I telephoned the offices of the Prime Minister and several other ministers so that no charge was laid against them. The memoranda against those two journalists were drafted by one who is a former member of the press gallery and one who is actually in the press gallery, but when I asked for that memoranda at the beginning of the session I could not get it; it was secret. I should like to have shown the insincerity of a man who is enthusiastic about the civil liberties league, who does not understand the problems of French-Canadians, and who betrayed the press gallery during the war, when I successfully defended it.

That is something. I never would have spoken of it if this debate had not taken place; but we have that intelligentsia which is a curse to the country. I am going to speak at home on Sunday about the future of youth, and I will tell youth that universities are to a large extent the cause of the unrest that exists in the country today. Young men are no longer taught to work from the bottom of the ladder and to climb gradually to the top, as former generations did. Young men are taught in social science courses and economics courses that they know all, that they are supreme, that they have nothing to learn, that they are ready to teach the world; and afterwards they try to organize for themselves, their families and their friends some fine nests where they will be comfortable while doing nothing and getting large amounts of money at the expense of the taxpayers of this country.

We have a lot to learn, but we have to come back to fundamentals. We cannot live on friends; we cannot live on declarations of rights such as those we have heard from all parts of the house. What does it amount to? My hon. friend said it—"Platitudes." And we listen to that. Today hon. members were anxious to come to this important debate about the bill of rights. In the first place, the discussion in this committee will be the cause of a great loss of time for the members, and the report will amount to nothing.

Before I conclude, I want to come back to what I was about to say. What I said had to be said by me, but I have more to say. Why take Russia, and say it is an enemy country, that those at the Russian embassy are spies? It may be true; I do not deny it, but why say that only about Russia when we know very well that under the roof of the high commissioner for the United Kingdom there was a woman who was a well known communist, who was found guilty and sen-

tenced, who had been a pink communist since 1932? Why have two weights and two measures? How is it that members of parliament are such sophomores that they ignore the fact that, while ambassadors and consuls may call themselves observers, they are only spies de luxe. They are accepted. The trouble with Russia was that they were looking through the keyhole; they showed bad manners, but others are spying just the same. Up to the time Canada declared war on Japan and the Japanese ambassador and his family returned to that country, there was no nest of intrigue and spying like the city of Ottawa, and everyone knows that.

Well, sir, here we are. It is a difficult matter, and the question is not to make a fine speech that will carry the house. The question is to see about the future. When we hear about human rights, fundamental freedoms, the improvement of health, et cetera, et cetera, how is it that we have so much money to give to other countries, that we can look after the children of other countries but cannot look after those in our own country who are invalids, unless they are seventy years old or are blind? It is extraordinary. We have a lot to do, but before reforming other countries let us reform ourselves. Let us come down to brass tacks; let us be realists; let us do something for Canada before running ourselves for the benefit of other countries who pay no attention to us. In that connection the only thing to do is to think of our own country. There is so little freedom of speech that I am sure some newspapers will criticize the hon. member for Wetaskiwin (Mr. Jaques) tomorrow because he said he was a nationalist. They will say he is such a short-sighted man, such a narrow-minded individual to describe himself in that way. Is this a bill of rights? Is this respect for liberty? I am ready to respect the liberty of everybody. I fight hard; I do not start a fight, but I can defend myself all right. But this is not an infringement upon the liberty of others. I respect the liberty of all, but I also want my liberty and freedom to be respected by all, which must be the feeling of everybody. If it is possible to awaken the House of Commons to its own responsibility there is no finer body of men in Canada. Then we will be able to go places and do something.

On motion of Mr. Hansell the debate was adjourned.

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

Tuesday, May 20, 1947

The house met at three o'clock.

BANKING AND COMMERCE

Sixth report of the standing committee on banking and commerce.—Mr. Cleaver.

WAR EXCHANGE CONSERVATION

POSTPONEMENT UNTIL SEPTEMBER 30, 1947, OF ISSUE OF PROCLAMATION TERMINATING ACT

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, I wish to table copy of order in council P.C. 1994 of May 20, 1947, the effect of which is to postpone from June 30 to September 30, 1947, the issue of a proclamation terminating the War Exchange Conservation Act, 1940.

Hon. members will recall that many duties on imports from the United Kingdom were temporarily eliminated, and others were substantially reduced below the British preferential rates in effect in 1939, as a wartime measure under the War Exchange Conservation Act. It was provided that this act should expire on the date of the issue of a proclamation under the War Measures Act declaring that a state of war no longer exists, or on such earlier date as may be fixed in a proclamation of the governor in council.

In view of the decision to conduct tariff negotiations on the basis of Canada's pre-war rates of duty, an order in council was passed December 30, 1946, providing for the issue of a proclamation on June 30, 1947, terminating the War Exchange Conservation Act. It now appears probable that the negotiations in progress at Geneva will not be completed by June 30. Accordingly, the government have decided that it is not desirable to restore the regular rates of duty on that date, and have postponed to September 30 the issue of the proclamation in question.

POSTAL SERVICE

ISSUE OF NEW CITIZENSHIP POSTAGE STAMP

Hon. ERNEST BERTRAND (Postmaster General): Mr. Speaker, hon. members will no doubt be interested in knowing that it has been decided to issue a special postage stamp to commemorate Canadian citizenship. The stamp will be of the 4-cents denomination. Arrangements are being made for its sale on or as soon after the 1st July next as possible. The new stamp will not replace the current 4-cents red, but will be supplementary to it. It is expected that the special stamp will be available during a period of two or three months.

Mr. GRAYDON: May I ask whether this special stamp will be the same size as the ordinary postage stamp? I notice that in the United States they are reducing the size of their stamps for convenience' sake, and I wondered if the government here was doing the same.

Mr. BERTRAND (Laurier): It will be a little smaller than the special Graham Bell stamp.

Mr. GRAYDON: The Graham Bell stamp was pretty big.

Mr. BOUCHER: May I ask the Postmaster General if it would not be most appropriate to put the picture of Barbara Ann Scott on the new citizenship postage stamp, thus exemplifying true Canadian citizenship?

Mr. STEPHENSON: In view of the statement which the Postmaster General has made with respect to new postage stamps, will the Secretary of State tell us how many people in Canada have taken out citizenship papers up to the present time? It might be well to tell us how many at $5 and how many at $1.

Hon. COLIN GIBSON (Secretary of State): I could not give these figures offhand. I think the question ought to go on the order paper.

IMPORT AND EXPORT CONTROLS

VISIT OF GRAHAM TOWERS TO ENGLAND

On the orders of the day:

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, yesterday the hon. member for York South (Mr. Cockeram), asked a question arising out of a Reuters dispatch from London to the effect that the purpose of Mr. Graham Towers' visit to England was to discuss, first, a second loan from Canada and, second, reimposition of certain Canadian wartime import and export controls. He was good enough to give me notice of his question. I am sorry I was not here yesterday to answer it, but I do so today.

The dispatch was the usual newspaper speculation as to Mr. Towers' visit. As the house knows, he has been in the habit of visiting London and Washington at various times to discuss with the central bank and the treasury officials matters of mutual interest to the respective countries. That is the purpose of his visit to London. Before his departure he and I did not go into all the matters that he proposed to discuss, but I can say that he was neither instructed nor requested to discuss either of the specific matters referred to in my hon. friend's question.

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO RESUMPTION OF CONFERENCE WITH PROVINCES

On the orders of the day:

Mr. J. M. MACDONNELL (Muskoka-Ontario): I should like to address a question to the Minister of Finance, of which I have given him notice. Will the minister comment on the statement of the premier of Nova Scotia, as reported in the press of last Friday, that the dominion government, as indicated in the Minister of Finance's letter of April 21 last—and here I quote the words attributed to the premier of Nova Scotia—"has abandoned the idea of securing compensation in return for vacating the fields of amusement and pari-mutuel taxes?" In the light of the statement, will the minister further say whether the way is not now open to a resumption of the dominion-provincial conference?

Hon. DOUGLAS ABBOTT (Minister of Finance): That of course is a matter of opinion. I would not think the fact that, as stated in my letter, the dominion has stated it will be its policy to vacate the pari-mutuel and amusement tax field as soon as circumstances will permit, would of necessity have any bearing on the question of a further dominion-provincial conference. As the house knows, seven provinces have already entered into, or are in the process of entering into, tax agreements for five years, and therefore so far as these provinces are concerned there is nothing to be gained by a further conference. As to whether this makes it easier for other provinces is of course purely a matter of opinion.

POSTAL SERVICE

REQUEST FOR AIR MAIL SERVICE BETWEEN WINNIPEG AND FLIN FLON

On the orders of the day:

Mr. F. S. ZAPLITNY (Dauphin): I wish to direct a question to the Minister of Reconstruction and Supply, arising out of a telegram I have just received from the Dauphin board of trade. The telegram refers to the proposed air service between Winnipeg and Flin Flon commencing June 1, and strongly recommends the inclusion of an air mail service on this route. Is it the intention of the government to include the air mail service between these two points?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I am aware that the air transport board has licensed a private operation for service between Winni-

peg and Flin Flon. However, the hon. member will appreciate that post office contracts are given by the Postmaster General. Perhaps my colleague can answer the question.

Mr. ZAPLITNY: I should like to direct a question to the Postmaster General. Is he prepared to make a statement now pursuant to the serious consideration he has given to the request of the hon. member for Churchill (Mr. Moore) for an air mail service between Winnipeg and Flin Flon?

Hon. ERNEST BERTRAND (Postmaster General): I am not in a position to answer the question immediately, but I shall take it as a notice and answer it either tomorrow or the day after.

NAILS

INQUIRY AS TO REASON FOR INCREASED PRICE

On the orders of the day:

Mr. D. G. ROSS (St. Paul's): In view of the announcement in this morning's press that there is to be an increase in the price of nails, will the Minister of Reconstruction and Supply say whether the companies which manufacture the nails are working to full capacity, and whether the question of price is the reason for the present shortage of nails in Canada?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): The nail plants are working to capacity to the extent that they can obtain steel rods. It is hoped that the increased price for nails will divert additional raw material into the nail plants.

RENT CONTROL

REGULATION PERMITTING INCREASED RENTS FOR RESIDENTIAL PREMISES

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): I should like to direct a question to the Minister of Finance. Is there any law or regulation permitting landlords of residential premises to increase rents by any amount greater than the ten per cent referred to by the minister some time ago? There seems to be a lot of confusion about this.

Some hon. MEMBERS: Order.

Mr. KNOWLES: Will the minister make a statement?

Mr. SPEAKER: Order. I suggest to the hon. member that he put his question on the order paper.

Mr. KNOWLES: It is urgent, Mr. Speaker.

[Mr. Howe.]

EMIGRATION

CANADIANS LEAVING FOR YUGOSLAVIA—PERMISSION TO REENTER CANADA—AMOUNT OF CAPITAL EXPORTED

On the orders of the day:

Hon. W. EARL ROWE (Dufferin-Simcoe): I am sorry I did not notify the Prime Minister of this question. Recently there have appeared in the press, statements that large numbers of Yugoslav Canadians are leaving this country. I should like to ask the Prime Minister if it is a fact that some fifteen hundred are leaving Canada to return to the seat of government of Yugoslavia, and if so, whether they have received export permits to take with them $2 million worth of equipment and materials. In this morning's Montreal *Gazette* there appears the statement that Canada has been blackballed by Yugoslav communists as a country where people jump from buildings and commit suicide and where the common man has no future because of the capitalistic system.

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend is surely not serious in expecting that I should be able to answer the question immediately. I shall be glad to get him what information I can as to the numbers who have secured export permits. I doubt whether I can give confirmation or the reverse of the accuracy of his statement about what happens in Yugoslavia.

Mr. ROWE: It appeared in the *Gazette*.

Mr. MACKENZIE KING: That does not necessarily mean it is correct.

Mr. ROWE: Perhaps I may be permitted to ask another question of any member of the government. Do they know anything about this holus-bolus exodus from Canada at a time when we need population? I can appreciate the Prime Minister's reply and I am sorry I did not notify him of the question. Surely some member of the government knows something about it.

Mr. ALAN COCKERAM (York South): Apropos of the question asked by the hon. member for Dufferin-Simcoe (Mr. Rowe), I should like to put a supplementary question to the Minister of Finance. Can he inform the house how much capital is being exported by the Yugoslavs who are leaving the country, and whether export permits have been granted with respect to that capital?

Hon. DOUGLAS ABBOTT (Minister of Finance): I will take note of the question.

Mr. COCKERAM: I desire to direct a question to the Minister of External Affairs. Has the government given assurance to the Yugoslav emigrants now leaving Canada that at the end of the five year period they will be allowed to reenter Canada? Are they travelling under Canadian passports, and if so, are they retaining their Canadian citizenship?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): The hon. member sent me notice of the question, which I received just as I came into the house. I can say at once that the government gives no assurance to Yugoslavs or to anyone else about their rights to reenter this country. They have to ascertain their rights from the existing Canadian legislation. With respect to the other portions of the question, I shall make inquiries from both the Department of External Affairs and the Department of Mines and Resources. Of course, if Canadian citizens of Yugoslav origin apply for Canadian passports they have the right to get them. I will also inform the hon. member how long a naturalized Canadian, travelling from Canada on a Canadian passport, can be away without endangering his Canadian citizenship under his certificate of naturalization.

GOLD

REQUEST FOR INCREASE IN PRICE FROM $35 TO $50 AN OUNCE

On the orders of the day:

Mr. LEWIS MENARY (Wellington North): I should like to direct the following question to the Minister of Finance. Will the government consider raising the price of gold from $35 to $50 an ounce? During recent months the price of copper has been increased 100 per cent, zinc 100 per cent, lead 150 per cent, and there has been a substantial advance in nickel—

Mr. SPEAKER: Order.

Mr. MENARY: In 1932-33 the then government raised the price of gold from $20 to $35 an ounce—

Mr. SPEAKER: I would advise the hon. gentleman that the next time he has a question to ask and the Speaker rises and calls order, he be kind enough to resume his seat.

Mr. MENARY: I am sorry, Mr. Speaker. I did not know you were on your feet.

THE BUDGET

DEBATE ON ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Thursday, May 15, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Muskoka-Ontario) and the amendment to the amendment of Mr. Coldwell.

Mr. J. R. KIRK (Antigonish-Guysborough): First of all, I should like to join those speakers who have preceded me in this debate, in offering my congratulations to Minister of Finance (Mr. Abbott) on the excellent presentation of his first budget, and on the message of good cheer and hope which it contained.

The wide acclaim being accorded to the minister is indeed well deserved; and the measure of his worth is indicated by the generous manner in which he himself bestowed upon his predecessor in office much of the credit for such an inspiring budget.

An intelligent examination of the sound economic and financial status of this nation at the present time is, I submit, a remarkable tribute to the manner in which the finances of Canada were handled during the war—a period which was certainly the most anxious in our history. So, at this point, Mr. Speaker, I pay my humble tribute to the man who worked hard and long, who gave his efforts and ability unstintingly to the service of his country with such superb success as has made this budget possible, the former minister of finance (Mr. Ilsley). In extending my congratulations to a minister of the crown, it is with added pleasure that I do so, in view of the fact that he is a native of my own province.

In an effort to contribute to this debate, Mr. Speaker, I propose to invite the attention of the house to matters which are full of importance to the every-day life of many thousands of Canadians, and particularly to the section of the country which I have the honour to represent.

Two of Canada's greatest primary industries, fishing and agriculture, form a major means of livelihood to which the people of Nova Scotia daily devote their lives and efforts. I do not think that I am being repetitious, and certainly I disclaim any platitude, in stating that the farmers and fishermen of Canada must at all times be regarded as the backbone of this country. They know no fixed hours; they observe no particular holidays. Yet, Mr. Speaker, when one lives with them and among them, as I do, the conclusion is inevitable that here indeed is Canada; here are the men and women who are daily actually making the greatness of this nation. And so I state that

any matters which affect the daily lives of such people must be regarded with respect and assumed to be of importance by the government and by this house.

All hon. members know of our individual efforts with various government departments on behalf of our constituents, and it is true, we can often accomplish much good without inviting the attention of the whole house to the work in hand. However, what I have to say today has not, I think, been mentioned by other speakers, and I shall therefore take a few moments to place some suggestions before the house on behalf of that part of Canada usually referred to as "the maritimes".

To maritimers, it was indeed a pleasure to hear the hon. member for Davenport (Mr. MacNicol) address this house, one week ago today, in the interests of the maritime provinces. Representing as he does not only a riding in central Canada but a riding in one of our most highly industrialized centres, the hon. gentleman's remarks were particularly gratifying and encouraging.

Few there are in Canada today who can vie with the hon. member for Davenport in personal knowledge of the outlying districts of our vast country. The interest he has shown in the problems confronting each section of Canada displays the wide viewpoint of a true Canadian—one which all Canadians might well strive to attain; and his spirit of unity and tolerance should be extolled and emulated if Canada is to find herself a truly great and united nation.

It is inspiring to those living in the maritime provinces to know that we have such a good friend in central Canada as is the hon. member for Davenport, and I am proud to pay this tribute to him.

Now, Mr. Speaker, in the fisheries industry, it must be admitted that much important progress has been made during the past few years. We are gradually approaching a point where all people directly concerned with this industry are cognizant of the necessity for scientific approach to it, whereby we may compete successfully with those countries which for many years past have been miles ahead of Canada in fisheries policies.

The present Minister of Fisheries (Mr. Bridges) is indeed to be congratulated on the fine work he is doing in the development of Canada's fisheries. I was more than pleased to learn of the expansion to be made in the department's field service. The establishing of fisheries schools and the training of young veterans in the scientific aspects of the industry will, I am sure, be most beneficial in promoting the welfare of our fisheries and our fishermen. However, in spite of whatever progress may have been made and which is likely to be made in government policy in this sphere, I think that we must at all times bear in mind that it is the welfare of the fisherman himself which must be the nucleus of any policy for our fisheries. And no matter how many national or international conferences may be held with reference to our fisheries, or how vigorously the scientific aspect of the fisheries may be pursued, we must at all times have the general well-being of the fisherman himself as a paramount consideration. This is a reason for my having mentioned at the outset that matters which may appear to be unimportant in comparison to other major items in the budget are nevertheless of the greatest importance to the daily lives of our people. This is a function of parliament which I suggest must be borne in mind constantly by each government department and by the house as a whole.

The coast line in the counties of Antigonish and Guysborough is, as is well known, very rugged, and this makes the work of our fishermen more difficult and dangerous than it is in most other places. During the fishing season it is essential that the fishermen take advantage of every possible hour in order to secure as large a catch as possible. In the present circumstances there are days lost unnecessarily all during the season because it is not possible for the fishermen to go out in their boats. I realize that during the war years it was not practicable for the government to undertake work to overcome these handicaps. However, I have no hesitation in stating now that any post-war undertaking of the government must recognize and implement much needed and overdue construction work in this respect. I strongly urge the planning and early construction of suitable wharves and breakwaters. True, the fishermen of years ago did not have such facilities; but surely, Mr. Speaker, the fishermen of today are entitled to share in the progress of our civilization. However, sir, I have to state that rather than enjoying the fruits of such progress, our fishermen, in comparison to their fellow workers in the industrial areas, seem to have been forgotten, and the available results of our modern advancement have been denied to them. The construction of good wharves and the erection of adequate breakwaters is, I insist, an immediate necessity in many parts of the maritimes, and I trust that the representations which are being made in this respect will bring good results. This is not a work which requires any great outlay of money, but it is one which for many years to come will react to the benefit of this great and essential industry.

In this connection I also urge the immediate necessity for a complete change in dredging operations in the maritimes. The present position is entirely unsatisfactory, and in my opinion it can be improved immensely. I recommend the acquisition by the government of a sufficient number of large and small dredges to do the work which at present remains undone because the dredges now in use are ineffective, or because of a lack of dredging equipment. The unfortunate result of the present position is that men are actually prevented from accomplishing their work, or are severely handicapped in their efforts to do it. This is one suggestion which would solve some of the existing difficulties, and the expenditure involved would be a wise and beneficial investment for the government to make.

In another matter of practical help for our fishermen, the policy of other countries has been to erect small cold storage and freezing plants at many convenient points. Such plants have the twofold effect of preserving the fish catch and of maintaining a sure supply of bait. The lack of bait prevents fishing activities on those days when no bait is available. The erection of such small plants as I mention would solve this problem. In those few places where there are such plants, they have been highly successful. In advocating such a policy, I do so with the knowledge that the increased return enjoyed has more than justified the expenditure involved. I say that we have long since passed the stage when such facilities are regarded as extravagant. They are now actually a necessity.

In advocating such material advantages for the fishermen, I am not unmindful of the necessity for our concern with his more personal welfare. I need do no more, I am sure, than to mention the grave hazards faced by the fishermen day by day. We have, it is true, tried to minimize these to some extent. However, I know of places where the hazards can be greatly lessened, and to this end I urge the adoption of some suggestions which I shall make—suggestions which, I may say, are the direct result of representations made to me by the fishermen themselves.

I suggest that a more thorough system of bell buoys and whistle buoys would be highly desirable as a measure of increased safety for small-boat fishermen. I am aware that there are objections to this measure because of the possibility of confusion. However, I suggest that at many points of danger which exist at present, no confusion whatever would result. Rather would there be, I maintain, a great deal of security which in too many instances is now absent. The cost of installing such safety measures is trifling; the benefits would be great. I know that it is not a lack of a sense of responsibility which has prevented the adoption of such measures, but I would urge the government to undertake this very simple and inexpensive work as soon as possible.

I wish to mention another item respecting aids to fishermen which has already been emphasized in this house, notably by the hon. member for Queens-Lunenburg (Mr. Winters). As I have stated, I wish to avoid repetition and so I shall content myself with voicing my support and endorsement of the proposal. I refer to the maintenance of an adequate coast guard patrol. Every year in the maritime provinces we are forcefully, and all too often sadly, reminded of the necessity of an adequate coast guard. In common with other hon. members from the maritimes and British Columbia, I look forward to early action on this proposal.

In the other great primary industry of agriculture I welcome the progressive leadership given to the industry by the right hon. Minister of Agriculture (Mr. Gardiner). Of course most of our farms in the maritimes are not comparable in size with those in central and western Canada, but we maritimers are fully aware of their vital necessity in our lives. Maritime farmers have done, and are continuing to do, a really splendid job, and are producing ever-increasing quantities of farm products. In our agricultural policy we must continue to pursue the programme which has been given such successful impetus and direction during the past few years. Not only must we expect full and good production from our farmers, but we must also assure to the farmer a just and reasonable return from his difficult and highly important work. While maritime farmers have increased their production, especially during the war years, very often under severe difficulties, the unfortunate fact remains that they could be producing still more. Again I shall try to avoid repetition by saying briefly, and as strongly as I can, that the reclaiming of the marsh lands of the maritimes is an urgent, desirable and highly advantageous undertaking.

Perhaps I cannot do better than repeat the remarks of the Minister of Agriculture as made to this house on May 30, 1946, at page 2013 of *Hansard:*

> We are looking for land upon which to settle men coming back from overseas, upon which to settle persons who are coming from the overpopulated areas in other parts of the world, and upon which to settle the sons and daughters of our farmers in different parts of Canada who

still wish to carry on in agriculture. Doctor Archibald was with me on that second visit, and I agreed with him when he said that there was no place in Canada in which a better job could be done, where money could be spent to better advantage than to take care of these marsh lands and make them produce as they are capable of producing. I think everyone who is familiar with the situation will agree with me when I say that that job ought to be done.

I am sure that all members from the maritimes welcomed these words of the minister, and I trust that his expression of interest and approval will soon be translated into action. I submit that enabling legislation should be introduced during this session to overcome the difficulties which prevented earlier extension of the Prairie Farm Rehabilitation Act to eastern Canada—legislation designed to assist not only in the reclaiming of marsh and dike lands in the maritimes, but also the preventing of soil erosion, by flood control of fresh water rivers. In this I am heartily in accord with the opinion so ably expressed in this and previous debates by the hon. member for Inverness-Richmond (Mr. McGarry) and the hon. member for Halifax (Mr. Isnor).

I should now like to ask the attention of the house for a few minutes to some other matters which pertain particularly to the welfare of eastern Nova Scotia. I shall be brief in my references, and shall try to offer some specific suggestions.

Some few years ago the construction of what is popularly known as the Guysborough railway was begun. This would be a branch railway between Sunnybrae and Guysborough, designed to meet the urgent needs of that section of Nova Scotia which has no railway facilities whatsoever. I do not intend today to indulge in statistics of population and production. All this information has been determined years ago and is on record. Under a Liberal government work on the construction of this railway was begun in 1929, and a great deal of money was spent. However, the government which succeeded the Liberal government in 1930 issued orders to discontinue the work. Nevertheless even the Conservative government of that time recognized the necessity of this railway, for on June 15, 1931, Hon. R. J. Manion, in answer to a question asked in this house, stated that the Canadian National Railways expected to complete construction of the Guysborough railway by August 31, 1932. But no further work was done on the railway.

As far back as 1939, Mr. Speaker, speaking in this house on the United States trade agreement, I emphasized the urgent need of completing this Guysborough railway if the people in that area were to benefit from that trade agreement. However, the war brought in its wake the need for other urgent and more necessary expenditures, which overshadowed for the time all other considerations. Now that the war is over, and a considerable part of the demobilization costs have been taken care of, the importance of post-war projects has become paramount. May I say, with the full endorsement of all people in that part of Nova Scotia, that the need for completion of this railway is every bit as great now as it was in 1929, if not more so. The present position of having the right of way purchased and paid for, the concrete abutments for bridges in place, of having ready all preliminary work and allowing all this expenditure and preparation to come into disuse, is not what it should be; if I may use the word, the situation is intolerable. Remember that this is no mere temporary or unproductive enterprise. I can tell the house with full knowledge whereof I speak that the fishing, lumber, agriculture and tourist industries of Guysborough county are today suffering from neglect and lack of development because of the failure to complete the Guysborough railway. My constituents of Guysborough county of every political persuasion are unanimous in their endorsement of my representations to the house today, and I take this opportunity to make the strongest appeal to the government for immediate action in this matter. The house may sometimes grow weary of the claims sponsored by members from the maritimes, of all political parties, but I feel sure that all members who have a knowledge of this subject will support the appeal which I make today. I hope that by the time another budget speech is being debated in this chamber I may be in a position to voice the thanks of my constituents for the government's authorization for the completion of the Guysborough railway.

While on the subject of railways I desire to support the plea which has been put forth by other maritime members for the realignment of the railway track between Sydney and Moncton. The present position is that so long as the authorities persist in their refusal, or should I say omission, to realign this portion of the railway and to eliminate or at least reduce the present grades, then so long will there be an economically unsound railway policy in that part of the maritimes. I am not expressing a mere non-professional opinion; but I am restating the findings of competent engineers and economists who have made exhaustive studies of this question. As long as the present position is maintained there will be a twofold loss—a loss in operating revenue to the railway, and a loss to the people whom

the railway serves, through a poor and inefficient service. I suggest that this part of Canada is just as deserving of an expenditure to eliminate such conditions as are other parts of this country which have received it. I say that this work is necessary for the welfare of the maritimes, and I therefore urge that these improvements be undertaken immediately.

Undoubtedly the question of transportation facilities at the strait of Canso is intimately related to the matter which I have just been discussing. I know that this whole problem is receiving the serious attention of the government, and that all available expert advice is being sought. However, I do want to say now that improved services over this important route are of utmost importance. Hon. members are familiar with the heavy amount of traffic being handled across this strait, and I think that we are all aware of the national importance of the traffic. Certainly the people of Cape Breton and of the mainland of Nova Scotia are fully entitled to better transport facilities.

Now, Mr. Speaker, there is another matter to which I would like to refer. I have already discussed it on more than one occasion with the hon. minister concerned, and I think I cannot do better than bring it to the attention of the government and all hon. members of this house. I refer to the necessity of constructing an airport in Antigonish-Guysborough. Already a survey has been made of a site outside the town of Antigonish, and I understand that blueprints are in preparation indicating the feasibility of such construction. The location is strategically placed, being in the direct air path about midway between Halifax and Sydney. Who of us living back in the early nineteen hundreds could visualize the tremendous changes that have taken place in our transportation methods by the introduction of the automobile? And who among us today can, or would dare, prophesy the possibilities which the future holds for similar advancement through the growing popularity of air transport? There is no doubt that in the next few years the construction of landing fields in close proximity to each other will become a necessity and, as I have already said, the site of which I speak is admirably suited to such a purpose. Progress in Nova Scotia can be materially helped by modern air communication, and it is safe to assume that the business which would result from an airport in this vicinity, coupled with its service as an emergency landing field, would definitely justify its existence. In this connection I might remind the house that the greater part of my constituency is without any railway facilities whatsoever. I again urge and appeal to the government to complete arrangements during the present summer for construction of this airport.

Representing Antigonish as one county in my constituency keeps constantly in my mind the great work being accomplished by the extension department of Saint Francis Xavier university. I feel quite safe in expecting that when the minister pilots his estimates through the house he will continue the support which the government has been giving to this work. Indeed, I should like to feel equally hopeful that the government will increase this financial help in any supplementary estimates that may be brought down.

This budget which we have been considering for the past while presents to me two distinct conclusions. There is first in the measure of taxation relief which has been afforded and in the financial statement of the country's status, every reason for us to have firm belief in the soundness of Canada's economy. I am sure that as shareholders in Canada we must be pleased by the annual statement of our treasurer. There is, secondly, the expectation that we may look to the future in the confident assurance that, with the proper guidance which it is our duty to provide, Canada will continue to progress.

I make these two observations, Mr. Speaker, because the work being done at Saint Francis Xavier university, which is popularly known as the Antigonish movement, is a work which has helped to accomplish what we have attained, and will serve to ensure our future prosperity. I endorse the many statements that have been made in calling this work the greatest application of Christianity that has been practised in our time. So far the effects of the Antigonish movement have been noticeable mainly in the maritime provinces; but it is gradually extending all over Canada. Indeed already it has started in countries outside of Canada, as evidenced by the number of students from foreign countries now enrolled at the university. I am sure it will be agreed, Mr. Speaker, that the Antigonish movement is the very essence of democracy; and as long as it continues to have the support and enthusiasm of the government and the people that it now enjoys, democracy and free enterprise in this country will be assured.

In conclusion I wish to express the pleasure of my constituents at the sound financial state of Canada as disclosed by the Minister of Finance in the budget. At this particular period of our history, in the aftermath of the greatest struggle the world has ever known, the youth of Canada, and in particular the

young men and women who were in various branches of the services, need a great measure of encouragement in order to devote their best efforts, their intelligence and their ambition to the building of this great nation. I think we may take pride in the fact that our country's present economic status, and our expectation for the future in the light of Liberal government policies, will provide the encouragement which I mention as being needed. Indeed, the same encouragement is there for those of us of an older generation to help and guide the younger Canadians in their work.

And so, Mr. Speaker, I say that we have every reason, in the light of this year's budget, to look forward to the future greatness of Canada with full faith and complete confidence.

Mr. JOHN T. HACKETT (Stanstead): "We have just ended a year in which our accounts show a surplus—a surplus larger than the accumulated total of all the previous surpluses in our history. Today we see a Canada enjoying a degree of prosperity never exceeded in living memory. We look forward to a year of high production and incomes. . . . Our available manpower is almost fully employed, with some surpluses in special areas and trades and equally real shortages in others. Demand continues to outrun supply in many lines of business. Our exports remain at high levels, limited in most cases only by our own ability to supply. Imports are pouring into the country from the south in large volume, without appearing to divert much demand from our own production. Private business is proceeding to expand, repair and improve its capital on a scale so large that its plans will be severely limited by scarcity of materials, equipment and labour. Some increases in inventories are occurring but apparently not on a large scale, presumably because the pressure of demand in most cases is so excessive that neither producers nor dealers can keep ahead of it. Consumer purchasing continues to expand and there is as yet little sign in Canada of any widespread unwillingness or inability on the part of consumers to buy what is being offered to them."

Mr. Speaker, these are bold and ringing words, but they are not mine. They are the words of the Minister of Finance (Mr. Abbott).

Are they true? I assume that they are; I like to believe that they are. But should it happen that any of the legislation embodied in what we have been pleased to call the omnibus bill be challenged before the courts; should it come about that the right of parliament to invade the provincial field of legislation be challenged; should someone question the right of the executive to take unto itself all the prerogatives of parliament—yea, should some citizen deny the power of parliament to surpress the elementary rights of citizenship; should someone say that those rights which have been arrogated to itself by parliament, upon the basis of a national emergency, are not properly taken because no national emergency exists, then the first witness to be summonsed to dispel the fiction and to show up the falseness of the so-called national emergency would be the hon. gentleman who has spoken so truthfully and so well of his country.

The Minister of Finance tells us that employment is complete, that trade is unrivalled, that earnings are greater than ever; that we are a happy, a prosperous and a vigorous people going forward to our destiny. And those statements are made by a responsible minister after a colleague, only a few short weeks before, had said that there exists a national emergency which justifies the suppression of the constitution of this land!

I mention this, not with any desire to be disagreeable to the minister—no. I mention it so that the fiction—I was going to say the farce—of this national emergency might show its painted face and its withered limbs once again to the scorn of right-thinking people in this dominion.

And what of the budget itself? I will not attempt to criticize it in detail. Had the minister consulted me, or had he been interested in what some at least on this side of the house think, he would have done away with the excess profits tax. I think, in the first place, that "excess profits" in this sense is a gross misnomer; the person who devised that name was a master of the art of propaganda. There is something in this unseemly combination of words that savours of selfishness, something that savours of impropriety which should not be applied to the tax. This terminology should be banished from the sober and accurate language of a taxing statute.

But I go further and say I believe that the treasury itself would have been richer at the end of the taxing period had this excess profits tax been eliminated immediately. Because the minister knows, as do others who have some acquaintance with business, that it is only natural that he who has a savoury bit in prospect would wait until his participation in the benefits therefrom would be greater than if taken under the excess profits tax legislation. I submit that even if such action were contemplated, the statement should not have been made that the tax was to be abolished. I do think there are some things which either

should be done or should be kept behind the walls of that vast and ever-changing reservoir of government policy.

My friends to the left probably will not share this sentiment: I am not of those who are profoundly impressed by the idea of planning. I like to plan for myself, and I am quite willing that my neighbour plan for himself, but the difficulty comes when we begin to plan for others who do not wish to be planned for. I am brought to this observation by the fact that after the war we entered upon a brave new era, and the minister of finance at that time—the Minister of Finance of today will correct me if I am wrong; I looked for the text but could not find it—went before a dominion-provincial conference here in Ottawa and outlined the government's great new plan. It was a plan to tax ourselves roundly during periods of prosperity and build up a treasure house into which we might delve in periods of depression, when taxes would be lowered and public works started that the people might have bread. I thought to myself as I listened to the budget speech how quickly plans vanish. My hon. friend and his party may have wished to continue in the plan that they outlined, but there is a master who has to be obeyed, however pious the wish that runs contrariwise. The electorate insisted on reduction in taxation, and reduction in taxation was made. Plans for the rainy day, plans for high taxes during a period of prosperity—and this is a period of unrivalled prosperity—plans for bad times and public works then to be undertaken—all these plans went into the receptacle which in the end receives all plans, the ash can.

Now about housing. I have heard my friend to the left tell the Minister of Reconstruction and Supply (Mr. Howe) that his plans had failed, and I heard the minister the other day himself speak of one of his measures—I think it was Housing Enterprises Limited, but I am always uncertain, Mr. Speaker, when I approach these multiple activities of government; when I begin to talk about them. I feel that the night is dark and I am very far from home. But his plans, like the plan about which I spoke a moment ago, found their way one by one into the same receptacle. Until we have broken this stiff-necked Canadian people of its waywardness, of its desire to do things for itself in its own way, we are not going to fasten the collar of bureaucracy upon them. They are going to do things in their own way, and when it is attempted to force other ways of doing it upon them, those other plans will invariably fail. So I listened the other day to the minister telling the story of the abandonment of that particular plan, just as he abandoned making aeroplanes and abandoned the monopoly of the air, and just as other plans must shortly be abandoned.

But I want to make this suggestion to the ministry, ere it is bereft of all its powers of doing something for the little brother, the people. It is unfortunate that all the housing has been done in the cities, that all the building has been done there. Oh, I know some gentleman is going to say that this act and that act provides for housing in the country, but the houses that have been built in the country, whether for the veteran or for somebody else, are so negligible in number that we can forget them right away. We have seen the already substantial industrial development of our own country greatly increased by the exigencies of war. We have added to our plant capacity. We had to make munitions of every type, and we took into this great and new plant a new army of workers. We took in the mothers and the wives and the daughters of the Canadian people to participate in the great work of urgency; they came from the land, from the villages, from the parishes into the industrial centres. This is not one of the minor tragedies of the war. There they are going to stay, and there the government has attempted to build houses for them. If the government had consulted me I would have suggested to them that they make a great effort and offer some enticement to these brave people who had come from the land into the cities, to summons them to go back home, back to the soil. I would have attempted to entice them back by building for them good, warm and attractive houses near the source of all that is rich and good in any country—the mother earth. The government has overlooked that opportunity.

I come to another point that I would like to have heard the minister deal with more fully and more effectively. I need not assure the minister that I do not hold myself out as a person of deep learning in economics, but I do know that Canada is one of the great trading nations. This country in terms of population is small, almost insignificant; yet it ranks third or possibly fourth among the great trading nations of the world. This country exports somewhere between 35 and 40 per cent of its production. What portion of it is manufactured? I do not exactly know, but if you assume that newsprint is manufactured goods, if you assume that cheese, butter and bacon are manufactured goods, I make bold to suggest that at least half our exports are manufactured goods. We can live as we are living now if

we can find markets, external markets, foreign markets for these goods. Where are we to find these markets? In the past always, I may say, we have bought more from the United States than we have sold to that country. To pay our debt to the United States we have relied upon the proceeds of our sales to other countries, which we have converted from pounds-sterling or other currency into dollars which the United States have accepted in settlement of our accounts. Today, outside of the United States, there are no foreign markets. There are markets to which we are shipping goods, but we are shipping goods which are paid for how? By credits that we have established. They are paid for by ourselves.

I should have been very happy if the minister had brought to bear upon that problem some of his experience and some of the information which association brings to him, because we all know that this condition cannot persist. It must come to an end, and shortly, unless there be a change. I should have liked the minister to deal with this topic, because it seems to me it is the most important question which confronts us as a people today; it is all important to our economic survival. Unless we can find markets for our manufactured products, for the products of our farms, of our forests and of our fisheries; unless we can find markets which can give us in exchange for our goods something which we can use in the United States to settle for our excess purchases there—oh, I am not one of those who thinks the world will come to an end if we have hard times—there will be a drop in our standard of living, there will be unrest, discomfort and suffering among our people. Our people will be able to survive only if they go back where most of them came from, to the land, and any government which neglects that fundamental truth is not alert to the great possibilities and dangers which confront our people.

I should have been glad had the minister been a little more explicit, a little more careful when he talked of our reserves of United States dollars. To one who read his speech casually, to one who listened to it even with great attention, as it was my privilege to do —and possibly if too many of my party friends were not listening, I may say with a wee bit of pride for he comes from a part of Canada that is dear to my heart, he was not sufficiently explicit. I wish he had told us exactly how rapidly our reserves of United States dollars are disappearing; for we should then have been in a much better position to appreciate our plight.

I am going to ask the minister to do several things, but one thing that I want him to do, and I believe he will do it, is to tell the house exactly what inroads we made upon our United States reserves last year, and what so far this year. I understand that up to July 5, 1946, we were accumulating rather rapidly, and that after that we not only lost what we had accumulated but made heavy inroads into our reserves; that in fact we were in deficit something over $600 million. If I am wrong, so much the better; but if it be true, we should know it; we should know the full unvarnished truth whatever be the cause.

There is another matter—and this is one that is somewhat difficult to talk about because it affects our hearts as well as our heads and to many of us it affects the heart first; we are told that Mr. Towers, the governor of the Bank of Canada, is in England. We know that in the annual report of the Bank of Canada Mr. Towers has sounded a note of warning. We know that in his report on the foreign exchange control board he has sounded another note. "The testing period lies ahead." he says. He points out in guarded language, but in language that is ominous nevertheless, that there must be a change or Canada will find herself in a most difficult situation. Most people would like to know what the facts are. In this house in the last few months we have heard much about charity. In the last few days we have heard much about justice. They are great virtues. But there is one that underlies them all, and that is truth. We are entitled to the truth in this house, the whole truth, and I implore the minister to take the house into his confidence.

Mr. ABBOTT: He has.

Mr. HACKETT: I am not of those who are scornful of the skilled man, of the man who has made a specialty of banking or economics and who occupies a position of trust in one or in many departments of government. I do not wish to belittle these men; but, sir, I have respect for the wisdom of the men of affairs; I have respect for the experience of this house, close as it is in the wisdom of the electorate, and I believe that however great be the perils that surround us, the best way to meet and overcome them and the best way to allay the uneasiness that pervades the whole country is for the minister to take the house into his confidence and let the house know exactly what the situation is.

The house would like to know what markets are available anywhere in the world. The house would like to know where our commodities, whether the products of the farm or the forest, of our fisheries or our industrial

plants, might be sold. The house would like to know the necessities, the actual condition, of those to whom we have made advances. There appeared the other day in a government publication, under the heading "Canada's cost of war, aftermath estimated at twenty billions of dollars", a few concise and revealing statements. The statement I am reading from shows what amounts had been disposed of by gifts, by mutual aid, and by loans. Anybody who totals these figures will find that the three billions of our national debt at the beginning of the war shrink into insignificance compared with our largesse during and since the war.

I am not arguing that it was not a wise thing to do; I am not arguing that we should not go further; but I do say that this house should not be asked to take the responsibility of a decision which may involve our own survival until it has all the facts clearly stated and in a form fully intelligible not only to parliament but to the people of this dominion. I do not think I am going too far when I say that possibly owing to habits of secrecy which was cultivated, perhaps necessarily, during the war, there is a tendency today not to trust parliament. There is a tendency to do things in an arbitrary way because they have been advocated by the experts. Again, I do not wish anyone to think that I am criticizing the experts. The experts have their place. They have made special studies and investigations. But I believe that all their technical knowledge should be tried out with the touchstone of experience, and I do not think it is well that this country should further advance into the realm of indebtedness until all the facts have been clearly brought to parliament.

Mr. ABBOTT: Will my hon. friend allow a question?

Mr. HACKETT: Certainly.

Mr. ABBOTT: What facts does he believe have been withheld from parliament other than the day to day foreign exchange position of the foreign exchange control board?

Mr. HACKETT: Well, I will not—

Mr. ABBOTT: If I might complete the sentence, I would say that the report of the board—

Mr. HACKETT: I do not think that the hon. gentleman's statement on our relations with the United States and the position of the United States dollar was one that the ordinary individual could understand, and I do not think it was one which set forth in all its implications, as it should have been set forth, our real position.

Mr. ABBOTT: That is a matter of opinion, Mr. Speaker. But the report of the foreign exchange control board was in strict accordance with the statute which called for it. It was a full and complete report; it gave the position as at December 31, 1946, and it was tabled at an earlier date than the statute called for.

Mr. HACKETT: That may be, but it dealt with the period of a year, and it did not break it down into two, when there were two different sets of conditions applied. There were the first six months when the Canadian dollar was at a discount of ten per cent and, as I understand, we were accumulating reserves. There was the period subsequent to that when we were eating up our reserves and we not only ate up what we had accumulated during the first six months but made vast inroads into our reserves; and as I read the report, I do not think that was set forth as amply as it should have been.

But I do not want my hon. friend to feel that I am critical in the sense of hostility. Our Canadian problem is a great problem and it requires the good will and work of everybody, be he expert, be he minister or be he humble member of parliament. I believe it will inure to the benefit of Canada; it will inure to the benefit of those whom we wish to aid, if we do not act until all the facts are before us.

Now what is the position in England? I do not know. We have varying reports. Public men, public servants come here and they make statements which are contradictory. I am hopeful that when Mr. Towers returns we may have information which will be more nearly complete, more reliable, and which will enable us to set a course that will be for our own benefit and for the benefit of those whom we wish to aid.

If the moneys which we are advancing are serving the purpose for which we are advancing them; that is, if they are tending in those countries which are receiving them, to prime the pump, that is one situation. But if they are not serving that purpose, if there is no hope of inducing the pump to bring forth water from the well, or if the well be dry, it is well that we should know it. I am only suggesting that we take those precautions which a prudent administrator would take, which a careful merchant would take, which a successful farmer or manufacturer would take. We want to know the facts. We want the benefit of the expert's advice. But we want to be in the position of bringing to bear upon

these problems the wisdom and experience of the Canadian business man and the Canadian member of parliament.

There is one other item I will ask the minister to keep his eye upon. We seem to be drawn into a great number of international organizations. I have been, I will not say horrified, but amazed at the great cost of these ventures. I should like to be quite certain that we are not paying more than our share and that no unnecessary payments are being made for these purposes.

There is just one additional word that I wish to say and I hope it will not be misunderstood. There seems to be a growing tendency on the part of the government to send forth civil servants as its emissaries to internationl gatherings. I am the first to admit that in our service we have able men. Recently in the state of New York we have seen one of them play a major role. But, Mr. Speaker, in my view that is not his place. Where policy is being made, where leadership is required for a country, there should be present the minister or his elected deputy. I am not critical of the individual, but I wish to point out that between the two German wars every country in continental Europe underwent a parliamentary crisis and there developed a powerful executive which completely annihilated parliamentary and democratic institutions. This may happen to us. I deem it my duty to point out that Canada's growing habit of being represented by civil servants who some day may have to serve under another government is subversive of our whole scheme of government and is tending to undo the very excellent Canadian civil service.

Mr. H. W. HERRIDGE (Kootenay West): I am sure everyone in this house enjoys listening to the hon. member for Stanstead (Mr. Hackett). I always appreciate listening to his sincere and, should I say, charming witness to the ideas and the tempo of the mid-Victorian period. I am quite sure he is conscious of the possibility of the near future as far as the economy of Canada is concerned, and that he is fully conscious of the vulnerable position Canada occupies with regard to exports and foreign markets. But, Mr. Speaker, he is recommending to the house the orthodox policies of the past which have produced nothing but war, depression, and war again. I shall have something more to say later in that respect, but I rise first of all to support the proposals with regard to the budget placed before this house by the hon. member for Rosetown-Biggar (Mr. Coldwell). I do so because I think those proposals were consistent and logical. Why are they consistent and logical? Because they represent the approach of a movement which has a conscious social objective and is moving toward a definite goal.

I am not going to take much time now to deal with other aspects of the budget except to say that so far I do not think the arguments put forward for higher exemptions have been satisfactorily answered in this debate from the other side of the house. I must say that I am one of a good number of members of this house who very much deplore the fact that this government has not seen fit to remove the restrictions still placed upon cooperatives. I greatly enjoyed the speech made by the hon. member for Swift Current (Mr. Bentley). I think he gave an excellent exposition of the cooperative movement in this country and the stand of its members with regard to present taxation of the cooperatives. Why was he able to do that? Because he knew what he was talking about. He has spent his whole life in the cooperative movement, and he knows what it means to the average workingman and to the average farmer. I think the government lacks imagination in this respect—this government which placarded the country prior to the last election and assured the people that they stood for a new social order. There is no more inexpensive way for this government to contribute to the building of a new social order, a new economic democracy, than to assist the cooperative societies and organizations by removing these restrictions.

Again I think this government shows lack of imagination even in minor matters, as for instance, in the tax on electrical energy and the tax on soft drinks and chocolates. The youth of this country are organized into various groups. In my constituency there are teen-age groups, through which young people get together to take part in social activities in the community. Yet this government has not sufficient imagination to give these boys and girls, these young Canadians, a pat on the back by making it possible for them to have soft drinks at the pre-war price. May I say that the manufacturers of these beverages in my riding have informed me that if the government will take the tax off they are willing to sell the drinks at the previous price of five cents a bottle. But the government has not imagination enough to make that inexpensive concession to these young Canadians and say: We are willing to exempt you from that taxation because we are getting plenty out of the old sinners.

This afternoon I want to deal particularly with the wider aspects of the situation which the hon. member for Stanstead mentioned.

First I wish to quote briefly from an editorial which appeared in the Ottawa *Citizen* of May 9:

War-Scared Businessmen

When the businessmen of La Chambre de Commerce of Montreal are assured in their annual report that the single "greatest psychological factor" hampering Canada's "return to normal" today is fear of another war, it is time that the rest of the Canadian business world laid that fantastic bogey. It is a product of stupid propaganda and silly hysteria—confined entirely to this continent.

Nowhere in Europe today among responsible statesmen is there any fear of war. Certainly the Soviet Union is in no posture to wage it. Characteristic of the widespread European view that the next war—if it ever comes—is a long way off, is the recent declaration of Mr. Jan Masaryk, Czechoslovakia's foreign minister and president of the world federation of the united nations association. He knows both Europe and North America as few statesmen know these continents. And he finds that the united nations delegates are far more optimistic now that world differences and world complexities will yield to peaceful treatment than they were only six months since.

What is wanted, however, is that the united nations must be backed up by the "enthusiasm of which people the world over have shown themselves capable in battle and reconstruction." In other words, not only must every kind of political, cultural, religious, labour, intellectual, and youth and other organizations rally behind the united nations and its purposes, but the businessmen of the world must come to see that it is their business too to help to remove the misgivings, misunderstandings, suspicions and hatreds which encumber the economy of the nations and check or frustrate their commerce.

I think the gentleman who wrote that article had a sound and realistic approach to the present situation. In that respect, Mr. Speaker, I may say that is not only the opinion of the editor of the *Citizen,* but I find it is also the opinion of a good number of progressive thinking business men and others in this country, and I want to approach the subject along those lines. There is no question but that thinking people in this country realize that we are approaching a difficult period. There is a great deal of uncertainty with regard to the future. What is our position? The hon. member for Stanstead (Mr. Hackett) asked the government to define where our possible markets lay, and he offered certain orthodox proposals and remedies. We must think of this, that at the present time the British government has completed a trade pact with Poland; that trade negotiations are going on between the British government and the Soviet Union; that there are possibilities the Soviet Union may supply other countries with food and obtain from British commonwealth countries the goods they require, the wool they need from Australia, and the machinery and electrical equipment required from other British countries. At the same time those who know the facts realize that the United States is making terrific inroads in the South American markets. Where are the markets of the future? Regardless of our political philosophy, whether we are capitalists or socialists, if we are realistic in approaching this situation we must appreciate that, as far as Canada is concerned the markets of the future lie in war-torn Europe or in substandard Asia, and I think it is on that basis we must try to work out a solution.

I mention this, Mr. Speaker, because many people in this country are today realizing more than ever the dependence of Canada's economy on foreign trade. This afternoon I wish to emphasize the necessity for the development of foreign trade and therefore, for this purpose, the development of satisfactory international relations. In speaking on this subject, I am conscious of my responsibilities as a representative of the people. When I come to deal with this international situation as it bears on world trade, as it bears on this budget and on future budgets in this house, as it bears on the budgets of the provincial legislatures and on the budgets of the common people of this country, I am more than ever conscious of my responsibilities. In my mind's eye I can see the smelter workers of Trail in my constituency, tramping up and down to the smelter; I can see the small farmers, the fruit farmers, working their land; I can see the people living in the villages and towns carrying on their ordinary activities. At the same time I can look back and see in my mind's eye the effects of the last depression and realize, as one who served in the first war, what a critical period in history we are now reaching; and I can see, as clearly as the day I discerned them at close range, the rows of crosses at Ypres and the Somme. It is in that spirit that I approach this question. In my opinion it is essential that we approach this matter objectively, not in any ultra partisan spirit; and it is essential that in dealing with this question this parliament particularly should be a strictly deliberative assembly and not a propaganda sounding board. I believe we have to review the question as a whole, and that is a difficult thing for many people to do in times like these. Did you ever stop to think, Mr. Speaker, that in looking at even an ordinary tree no two people see it in exactly the same focus. One will see one side; another will see the other; one will see it in blossom and the other will see it in leaf. I believe that if we are to find a solution we can all work together to bring about

we must take what I would term a worm's-eye and a bird's-eye view of all these important questions.

In dealing with this question this afternoon, I intend to attempt to analyse opinions, motives and situations in the spirit of objective inquiry, and on that basis I erect the structure of my argument. Before proceeding to, shall I say, the correct trading aspect of the situation, I want briefly to review the history of the past. Without question, in the field of external affairs the major concern of the British people at this time is centred on the relations of the western democracies, or perhaps I should say the western capitalist democracies, and the Soviet Union; and as far as North America is concerned, our major concern is the relation of the United States, as our nearest neighbour, with the Soviet Union. In looking back over the history of external affairs as it has been related to this house, I think we may say without question that control of foreign policy remains one of the unsolved or only partly solved problems within our democracy. To some extent this is due to the apparent remoteness of the question as far as the average person is concerned. Foreign affairs have in the past been very remote to the average person carrying on his or her daily activities. It is also due in part, I think, to the fact that, in the majority of cases, democratic forms of government have been developed primarily to improve internal conditions. We are only beginning to develop an understanding of the fact that we must be directly concerned with what is happening in other countries. This has been particularly true of Canada. We have only accepted our direct responsibility in external affairs during the last twenty-five years; but the impact of the second world war and the principles enunciated in the charter of the united nations have stimulated multitudes of people in this country to take a direct and daily interest in external affairs and our relations with other countries. So when I speak on this subject this afternoon I am conscious that I, together with others in this house, represent the aspirations, the wishes, the desires and the hopes of hundreds of thousands of people in this country.

A discussion of external affairs in this house usually takes place on a resolution sponsored by the government or by a private member, or on estimates, or on particular occasions, or during major debates. I am taking this opportunity this afternoon to deal with this subject in this major debate, because I believe it is directly related and directly connected to our trading position and therefore to the development of our economy which, as I said before, concerns this budget and future budgets in this house, as well as the budgets of average Canadians. In going over the records of this country, I find that a perusal of history indicates that this and previous governments have a record of fine sentiments rather than progressive policies in the field of international affairs. A very well known gentleman in this country, I think it was André Seigfried, said on one occasion that, although collective security represents a conviction, as far as Canada is concerned to date it has been a conviction de luxe. The principles of collective security have, in times past, been loudly talked about; but, as far as I can find from the records, neither this nor any preceding government has taken a strong stand for collective security when the opportunity presented itself. Today in every critical international situation precious hours of peace have ticked away without the voice of Canada being heard fearlessly throughout the world. What is our record in that respect? I do not think it is one of which we should be proud, in times of peace. We did not speak out in behalf of collective security on the question of sanctions during the Abyssinian war. We failed to speak out in support of a democratic government in Spain. Then I think the crowning achievement of this policy under which collective security was purely a sentiment de luxe, as I say, occurred just a few days prior to the outbreak of the last war, when Canada proudly recognized the then king of Italy as emperor of Abyssinia. I think that was the climax of a record which we must seek to change.

The records of this house, as I read *Hansard* of the past, clearly indicate to me that on many occasions when hon. members have sought to develop Canadian opinion or to arouse the Canadian public to a definite and dangerous situation, the Prime Minister (Mr. Mackenzie King) has discouraged debate on external affairs. He has asked hon. members to restrain themselves, and to limit debate.

In my opinion and, I think, in the opinion of a good many members in the house a ventilation of these great and mighty matters would have informed the Canadian people and would have given Canada the ability to speak with a stronger voice. In my opinion, as I read the history of the past, in respect of foreign affairs this government and preceding governments have depended upon time, the follies and foibles of other governments and the shortness of human memories to give the appearance of reality to a policy barren of a single definitive statement in support of collective security, until war was inevitable.

Our records show that when the United States and Great Britain were in agreement we were courageous enough to say, "me too." When the United States and Great Britain were in disagreement Canada was mum. My major point in this connection before proceeding to anything further I have to say this afternoon is that, according to the records of the past, Canada has allowed precious moments to pass and to tick away without raising its voice fearlessly on behalf of collective security. I am appealing this afternoon that that policy be changed.

We are in a splendid position as a nation small in numbers and great in potential wealth. We agree that, so far as our position in the world today is concerned, we are living in one of the vital spots of the world. We are in a splendid position, as a member of the British commonwealth of nations, as a good friend and neighbour of the United States and as a neighbour of the Soviet Union, to interpret the policies of these nations one to the other, and to act as mediator in a world which offers great possibilities for those who have courage to speak. I ask this government at this time to speak up for Canada.

A second world war has been fought and has been won at the cost of terrible sacrifice in life, human suffering, human happiness and treasure. We have affirmed our belief in the charter of the united nations. And it is because of that fact, because of the history and experience of the past, and because of our position that hundreds of thousands of Canadians are expecting some action on the part of this government in support of the principle of collective security, before time ticks away, once again.

I shall go on now to deal briefly with a situation that exists in the world today, because it is of great concern to hundreds of thousands of Canadians, and that is the attitude of the United States to the Soviet Union and to the European problem. We are very much concerned in this question at the present time, because we are supporters of the united nations charter.

I am dealing particularly for a few moments with the American policy with regard to aid to Greece and Turkey, and in that connection I wish to quote brief statements from the state department of the United States government. I have very little time at my disposal. If I had more I could produce plenty of documentary evidence to support my argument. However, at the present time I shall be as brief as possible in the presentation of the documentary evidence supporting my argument. This is taken from a state department statement with regard to the situation in Greece:

> There is no indication that the Soviet Union will change its attitude of hostility toward the present Greek government.

That is the common argument that the state department takes. Here we have the basing of military aid to a nation because it cannot expect the U.S.S.R. to discontinue its verbal hostility to the present Greek government.

And then, passing on, I want to point out briefly to the house what President Truman said in this connection, and also what the food and agriculture organization of the united nations, which we support, have recommended. President Truman said:

> A militant minority, exploiting human want and misery, was able to create political chaos which, until now, has made economic recovery impossible.

And the food and agriculture organization reports:

> Not until governmental arrangements can be worked out which have the confidence and support of the great mass of the Greek people can a clear and consistent economic programme be established.

Again President Truman says:

> Greece must have assistance if it is to become a self-respecting democracy. The United States must supply that assistance.

And the food and agriculture organization reports:

> A proposed united nations advisory mission should replace all other international and foreign economic missions in Greece.

Then again President Truman says:

> . . . the united nations and its related organizations are not in a position to extend help of the kind that is required.

And the food and agriculture organization reports:

> In addition to the economic and social council itself, a number of united nations agencies might be interested in such a mission, including FAO, the international bank, the monetary fund, the international labour office, united nations educational, scientific and cultural organization, the proposed international trade organization, and other specialized agencies.

Again President Truman says:

> Congress should provide authority for assistance to Greece and Turkey in the amount of $400 million for the period ending June 30, 1948.

And the food and agriculture organization reports:

> Greece will need an initial international loan for 1947-48 of at least $100 million.

Again President Truman states:

> Congress should authorize the detail of American civilian and military personnel to Greece and Turkey and provide for the instruction and training of selected Greek and Turkish personnel.

And the food and agriculture organization reports:

> Greece should reduce expenditures for military purposes as rapidly as increasing international confidence and increased reliance on the united nations make possible.

I say in that connection that a foreign office official of the British government admitted to a question asked in the house that something under 2,000 officers of the present Greek army previously served in a German security force. I mention that only to indicate the type of government it is proposed to assist at the present time.

The Manchester *Guardian,* a first-rate Liberal paper in the old country, and one which most Liberals whether they live in England or on the North American continent respect, recently straightforwardly declared that Englishmen should be ashamed of the existence of the present government in Greece, and concluded that Greece should be cleared of British troops in the very near future, because it becomes more and more difficult to justify their presence there. Let us not forget that the present British government inherited a most difficult situation on that score, and that at the present time those troops are being withdrawn.

Then, so far as Turkey is concerned, every informed person knows that Turkey is governed with an iron-fist rule. It is not a democracy. It is a country where liberals are jailed—and when I refer to "liberals" I speak in the broad sense which would apply to some of my hon. friends opposite. They are not allowed to spread their ideals. Trade unionists are suppressed. I am sure that without doubt, hundreds of thousands of Americans and Canadians are shocked by this bolstering up of the Greek government, this suggestion of help for that government on a military basis, and help for Turkey which, to date, denies freedom to her own citizens.

The great majority of Canadian people realize that the Greek people require help, and are in support of financing Greece in order to overcome the conditions existing there at the present time, and to develop self-liquidating projects.

Now, passing on, in an effort to show the situation as it really exists, I should like to point out who are supporting this policy, a policy which was commenced in 1917 and has been continued by certain people from that date to this. I am going to deal with the record of those who are the most vehement exponents of this policy and also with the record of the opponents of this policy. First of all, I deal with the financial press of the United States. What do the Wall Street papers have to say? Wall Street opinion is well expressed in the Wall street weekly, *Barrons,* which, commenting on the present policy in the United States, has this to say:

> He (President Truman) had to pay lip service to the Roosevelt policies with a few cliches about the united nations. Mr. Truman cannot be thanked too gratefully for his honest and straightforward presentation of reasons for embarking on a course so alien to that of his widely worshipped predecessor.

There is no question about this course being alien to the policies of the late President Roosevelt. Recently the Wall Street *Journal* had this to say:

> Greece and Turkey are only starters, all eastern and central Europe and much of Asia could come within the active scope of such operations.

Even Mr. Bevin, on his return from the conference at Moscow, publicly announced that the press—and by that he meant the capitalist press of the world—did a great deal to hinder the progress of the Moscow negotiations. Leading oil companies of the United States are, without exception, solid in their support of this policy, and included in the list of prominent supporters is the famous Mr. Gerald K. Smith, who is always against constructive progressive action.

Mr. KNOWLES: You mean infamous, not famous.

Mr. HERRIDGE: Yes, infamous.

I am not here to defend the Soviet Union. I realize the provocative statements that are made from time to time in that country and that much of their propaganda, so far as Canada and the United States are concerned, appears stupid. I would recommend that they employ good Canadian or United States publicists, because it is obvious that the Russians do not understand the psychology and outlook of the Canadian and the American people. I realize all that. At the same time a great section of the press of this country and particularly in the United States have been most unfair to Russia throughout the years. I have in my hand references and press clippings going back for twenty years, which indicate that these papers on this side have not told the truth but have done everything to create distrust, suspicion and misunderstanding and to disorganize our relationships with Russia.

Whom do we find among the great exponents of this policy of protecting United States capitalism in Europe? One of the most vehement exponents of this policy, one of the leading exponents continually since 1917, has been the former President Hoover, from whose palsied hands the late President Roosevelt rescued the economy of the United States. Why is that? It is clear to anyone who has read the record and followed the speeches and statements of ex-President Hoover. In 1907, Hoover was a mining engineer employed by British interests in the far east prior to the first world war. He became a successful capitalist in collaboration with large British corporations, and between 1909 and 1910 he floated and had a major interest in eleven Russian oil companies. By 1912 he was associated with the British multimillionaire, Leslie Urquhart. He floated the Russo-Asiatic Corporation, whose shares rose from $16.25 in 1913 to $47.50 in 1914, and in that same year the corporation in which Hoover was the leading shareholder, obtained the following concession from the Czarist regime: 2,500,000 acres of land, including vast timberlands, and waterpower; estimated gold, copper, silver and zinc reserves of 7,262,000 tons; twelve developed mines; two copper smelters; twenty sawmills; 250 miles of railroad; two steamships and twenty-nine barges; blast furnaces, rolling mills, sulphuric acid plants, gold refineries; huge coal reserves. The total value of these properties was estimated at $1,000,000,000. We all know, if we read the records carefully, that, under Hoover as food administrator for the United States in Europe after the last war, food was shipped from this continent and used by Hoover for political purposes. It was given to German commanders and German generals to distribute to populations which had become politically acquiescent. On October 13, 1931, Hoover, when president of the United States, stated in an interview with the San Francisco *News*:

> To tell the truth, the ambition of my life is to stamp out Soviet Russia.

We place Mr. Hoover's interests and policies beside the statement made by Henry Wallace in New York when he said:

> The plan to condemn Russia is really secondary to "that push for oil."

That policy has continued from 1917 down to this day. It is not related to the interests of this country or to those of Europe. It is strictly related to monopoly capitalism, and if these people are allowed to go on unchecked and to defeat the aims and purposes of the united nations the world will be plunged once again into another war.

Now let us see who is opposed to this policy of military aid to Greece and thus opposing the united nations. There are millions of progressive Americans who are opposed to this policy of military aid to Greece, and millions of British people; the cooperative organizations of Great Britain; the trade unions of Great Britain; numerous groups of veterans in the United States; large numbers in western Europe; Turkish Liberals; the federal council of churches of the United States; hundreds of thousands of Canadians; Sir John Boyd Orr, the great British scientist and forward-looking person; Senator Pepper and other senators and congressmen of the United States; the former Mayor LaGuardia, whose recent splendid article, "Don't Finance Foreign Armies," expressed a strong opposition to this policy. In addition to that, we have Henry Wallace, a former vice-president of the United States, in my opinion the most lovable and individual figure in American political life today, that great descendant of a truly great United States family. I had the honour to meet him a few hours before he left for Great Britain by air and to have a conversation with him concerning the present situation. I soon realized why he has inspired multitudes of ordinary people in the United States and Great Britain. There is a warmth and bigness in him that mark him off from all his rivals. I am certain of this, Mr. Speaker, that, should Mr. Henry Wallace decide to come to Canada he can be assured of audiences in the thousands who support his policies.

What is the record of the man? Coming from a good, progressive United States family, a Liberal capitalist, he was editor of *Wallace's Farmer,* serving the farmers of the middle west. As secretary for agriculture in the United States, Wallace was able promptly to bring order out of the chaos of farm misery. He effected a masterpiece of planning for the common man.

As secretary of commerce, he faced a greater task, giving effect to his belief that the greatest social objective which confronts mankind, is to lift the level of substandard peoples up to ours, as the pathway to peace. As vice-president of the United States he was frequently referred to by the late President Roosevelt as "commonsense Henry". This latest phase in his courageous career is no break with the past. He is continuing his fight for the positive constructive view of society, both at home and abroad. We all know he was welcomed in Britain and endorsed by many members of the British House of Commons. We all know of the reception he received in Sweden and France

and of the reception he is receiving at the present time throughout the western United States.

I notice that in the Ottawa *Journal* recently our own Prime Minister made some criticism apparently of Mr. Wallace speaking abroad. In the Ottawa *Journal* of April 26 the Prime Minister is reported as saying that he thought it is a most astonishing thing for the former vice-president of the United States to go to Britain, and that an unfortunate example had been set. In reply to that, I just wish to point out to our Prime Minister that we are members of the united nations, and the first words of the united nations' charter are: "We, the peoples of the united nations", and so on. It is no longer, "we, the governments of a post-war world". It is no longer, "we, the governments of the united nations", or "we, Mr. Prime Minister King," "we, Mr. Attlee", "we, Mr. Truman", or "we, Mr. Stalin", but "we, the peoples of the united nations". On that basis, Henry Wallace was fully justified in making his great bid against policies that will lead us to war.

All I am asking, Mr. Speaker, is a fair approach to this situation. I cannot do better than quote from a speech made to the Canadian club on June 20, 1945, by Mr. Dana Wilgress, at that time ambassador to the U.S.S.R. I shall quote from a copy of the manuscript he used on that day. Mr. Wilgress speaks with twenty-nine years' experience in private business, as a trade commissioner and as an ambassador to that great country. I shall quote only a sentence or two, because my time is rapidly slipping by. I suggest that hon. members secure a copy of that speech and read it. It is one of the best balanced presentations of the subject I have read to date. Mr. Wilgress had this to say:

> It is the duty, therefore, of all British countries to try to understand the Soviet Union and to promote good relations with that country.

In conclusion, he had this to say:

> I repeat, it is the duty of each and every Canadian to try and learn as much as possible about the Soviet Union.

I wish I could have dissertated at length on some aspects of this question, but I wish to present my concrete proposals. Now is the time of decision as to whether we are to go forward with new policies based on new ideas, or whether we are to accept the Victorian policy of orthodox ideas and trade as outlined by the hon. member for Stanstead (Mr. Hackett) who preceded me. Now we are to decide as to whether the surpluses of the North American continent are to be invested in assisting other and low-standard nations, or whether we are to permit ourselves to be driven to economic isolation and to economic nationalism. It is a question, in my opinion, and in the opinion of many Canadians, of trading our way to peace and making preparation for that now, or of economic nationalism leading to war.

I submit the following programme as at least a signpost to peace. I do not underestimate the difficulties, but I think we must have the will and the purpose if we are to overcome the present tendencies in some parts of the world. Canada should take a very strong stand at the united nations on adherence to the principles of collective security. We should desert the policy of collective security de luxe which existed in former days.

In the near future, President Truman will visit Canada. He will be welcomed by all shades of opinion in this dominion, whether we agree with his policies or not, because he is the head of a great country, a great neighbour of ours. I would suggest that it would be a good gesture—and it is surprising what gestures can do at times in an unsatisfactory climate—for this government to send an invitation to Mr. Stalin to visit Canada. I do not know whether he would come or not, but at least it would be a gesture, and would show our friendliness. This government should initiate trade discussions—

Mr. DEPUTY SPEAKER: Order. I must inform the hon. member that his time has expired.

Mr. HERRIDGE: May I have two or three minutes to finish?

Some hon. MEMBERS: Go on.

Mr. DEPUTY SPEAKER: With the unanimous consent of the house, the hon. member may continue for a few minutes.

Mr. HERRIDGE: This government should initiate trade discussions with the U.S.S.R. immediately. Other people are taking an active part in that respect and I think we must. This government should immediately commence trade discussions with the U.S.S.R. because, if we sell them goods, it will mean jobs. I know it is a complex and complicated situation, but it is essential for us to explore every field in that respect.

This government should undertake the planning and development of the Canadian north to develop friendly relations with the U.S.S.R. The government should also commence a long-term treaty of friendship with that country. I shall not outline a programme such as that, but I do think the programme is an essential if this budget and more par-

ticularly future budgets of the house, of the provincial legislatures and of the Canadian people are to be satisfactory in the days to come. The programme which I have enunciated to the house, Mr. Speaker, has the support of hundreds of thousands of people—make no mistake about that—in many walks of life, business, farming and working people. If action is taken along these lines; public and private investment are channelled first into social security measures at home and large-scale development of our natural resources and public services and low interest and long term trading credits abroad are instituted, budgets of this parliament are more likely to be satisfactory in the future.

The point I wish to make before concluding is that in this modern industrial world our surpluses must go first into social security, development of public services at home, and to the lifting of levels of the substandard people abroad. If we are not willing to do that, economic nationalism is inevitable, and, with that, future war. But the achievement of these objectives is not possible as a result of government action alone. In conclusion, I wish to quote from Prime Minister Attlee's speech on the second anniversary of V-E day in London. This is what he said:

> We shall never get a lasting peace if it depends only upon agreements between governments. We shall only get it by agreement between peoples and it must not be a passive agreement, but an acute constructive promotion of peace. I want to see a relationship growing up between the peoples of all countries towards the united nations such as we have in our own country between the people and parliament.

I just wish to say this in conclusion: The muffled drums of discontent with present policies at home and abroad are beginning to roll in this country, and I am certain that, if this government does not change direction, those muffled drums will soon be sounding a tattoo, a call to action in support of policies that will change the social and economic climate of our times and lift the hearts of men above the fears and suspicions which envelop us today.

Mr. MAX CAMPBELL (The Battlefords): The Minister of Finance (Mr. Abbott) brought down his budget on April 29. First of all, I wish to congratulate him on the clear, concise manner in which he presented it and on the large amount of information that it contained. There were some statements in the speech that possibly have not received the consideration that they should have received in the house, and my comments this afternoon are to be along the lines of discussing these particular statements.

The first one is that Canada is enjoying a degree of prosperity never exceeded in living memory. I think we can all agree that we are living in that high degree of prosperity, at least a great many of us; but I am worried as to what the future holds regarding that prosperity, and as I go on I shall explain what I mean. The minister did not tell us directly, but he did tell us in a roundabout way that this prosperity is due to the last war. It was caused by the war; I do not think there is any doubt about that, as I believe the minister will agree. The minister also gave a warning when he said that we cannot afford to be complacent; and later he said at page 2545:

> Any such forecast in these uncertain and abnormal times is subject to a wide margin of possible error and to many qualifications. In particular, we must expect that the figure will be less than that I have mentioned—

With that part I am not concerned.

> —if a substantial recession should occur in the United States later this year.

There is a warning there that has not been noted to any great extent in the speeches that have been made in the house so far in this debate. If a recession does take place in the United States it will most certainly be reflected in our Canadian economy.

If anything, the minister's speech was too optimistic. He should have put more emphasis on this warning. I picked up the *Christian Science Monitor* of Thursday, May 15, 1947, and I saw the following:

> Nation heading for "bust," former New Deal aides caution
>
> America's economy is heading towards a "bust" and something should be done about it quickly. That is the conclusion of an eleven-man committee on economic stability, headed by Chester W. Bowles, which made a fifteen thousand word report today, containing a nine-plank emergency programme, to Americans for democratic action. The committee declares that ominous signs of recession are increasing, asserts that never so far in history has the nation staved off an economic recession when conditions have got out of hand, but adds hopefully that the tools are available to prevent a prospective slump.

Then it details a series of drastic measures and so on. Further, it says:

> The committee urges President Truman to name at once a price-adjustment board under "an outstanding business leader" to guide the downward course of prices from their present "fantastically high levels."

It gives a list of the members of the Bowles committee. These men were probably all concerned with the planning of prices during the war. Then it goes on:

> The warnings and recommendations from this New Deal voice of the recent past came as stock-market prices were sliding to a new low for

1947 on Wall street, and as repeated reports from Russia declared the Kremlin was basing its policies on an expected American slump.

Then further on:

Sharp stock-market decline reflects pessimism. Physical volume of retail sales are 8 per cent below a year ago. Large inventories are now "highly vulnerable" to price declines. Plant and equipment expenditures are tapering off—

And so on. Then it goes on:

We must face up frankly to the fact that never before in our history have we succeeded in staving off a break-down in our economy when conditions have got out of hand. Doubts must be dispelled. The government should announce its firm intention to stave off such a recession and to underwrite a high level of prosperity.

A few days ago I picked up another magazine, *Collier's,* of March 29, 1947, and I found an article headed "Let's Talk Business," by Beardsley Ruml. I quote:

Frankly I see no objection to discussing in public the possibility, even the probability of a falling of business activity and of employment in the coming year. I know that many leaders in business and government are against such talk, that they would like to treat the subject as a skeleton in the closet, with the door shut and locked.

That is exactly the attitude which a great many members here take when those of us in this group discuss these matters.

The conclusion for 1947, therefore, writes itself. The unusual forces that were responsible for the high level of demand and of employment in 1946 have been weakened. No sufficient replacement forces are in sight and consequently we must anticipate a growing recession of business activity.

The United States government have thrown almost all controls out of the window and have left private enterprise to regulate itself. It has no efficient way of doing this; when prices start falling there is no telling where they will stop, and this may result in a panic and possibly develop into a major depression.

Our economy and that of the United States are kept operating by capitalists reinvesting their profits. Just as soon as they stop doing that, the trouble starts. Our whole economy depends on whether profits are held or spent, which seems to me to be a foolish way of conducting our national business. Big business has been putting great pressure on this government to remove controls, and this government has weakly given way, with the result that prices have risen so high for many things that consumers are turning away and leaving them on the shelves.

Investment capital is becoming uneasy. For example, Housing Enterprises Limited have cancelled the 1947 housing programme. They realize that houses being built and sold at present prices can never be paid for by the ordinary working man. Once prices start to fall, factories and businesses generally are going to cut their staffs, and soon we shall have unemployment, which may affect a large percentage of our population. I am worried about this situation because we are not ready for a recession. No plans whatever have been made to meet one, and I am anxious to see a conference called between the dominion and the provinces so that plans can be prepared to cushion any depression that might come.

We are living in a world which is desperately anxious to have the leaders of the nations find a solution of many perplexing problems which face the world today. People want nothing so much as peace and an opportunity to live quietly by their own firesides, with some hope of security and a chance to live. It is more than two years since the collapse of Germany, and we have not even begun to make any headway toward the solution of the many vexatious world problems.

The Prime Minister (Mr. Mackenzie King) and this government, together with the provincial governments, can, if they only will, give some real leadership in the matter of dominion-provincial relations, and I am sure that is what the public of Canada want. They want unity in a time like this. What will happen to hundreds of thousands of our people if we should go into another recession or depression without having decided who is to be responsible for such important matters as unemployment and other problems?

Surely the political leaders of today can forget their differences and get around the table and discuss and decide upon the allocation of jurisdiction and responsibility for such matters as unemployment, health, national marketing, a labour code. the social security measures that we all want, and a programme of public works to act as a cushion against this depression that might come.

In all sincerity, I would ask the Prime Minister to reconvene the dominion-provincial conference, and with the same sincerity I would also appeal to the provincial premiers. They have a golden opportunity to give leadership here in Canada, not only to Canada but to the world. How can we expect world leaders to work together if our own leaders cannot work together? Bury the hatchet; forget any prejudices you might have, forget past differences and think for once of the people of Canada. Canadians who have the best interests of the country at heart want unity, because in unity there is strength. Canada is today calling on her statesmen for leadership, and will not tolerate for long any

leader who, for political or any other reasons, refuses to cooperate for the good of the country. The report of the Rowell-Sirois commission on dominion-provincial relations, in its recommendations had this to say at page 275:

While the commission believes that new governmental machinery should be kept at a minimum, it nevertheless considers that special provision should be made to facilitate cooperation between the dominion and the provinces. In an earlier day, when the functions of government were relatively few and administrative organization relatively simple, it may have been possible for dominion and provincial governments to operate largely in watertight compartments. But with the great expansion of governmental functions, and the growing complexity of administration, it is no longer possible to do this without serious loss of efficiency and economy in government. Cooperation between the autonomous governments of the federal system has today become imperative. The commission recommends as the principal means to this end that dominion-provincial conferences, which have hitherto met at infrequent intervals, should now be regularized, and provision made for frequent meetings, say every year. It urges further that the conference should be provided with an adequate and permanent secretariat for the purpose of serving the conference directly and of facilitating cooperation between the dominion and the provinces in general.

I now wish to comment on another part of the finance minister's speech, in which he says, as reported at page 2554 of *Hansard:*

The exemption levels established last year are high enough to exempt completely from tax more than half the people earning incomes in Canada.

Again on page 2543, he makes the statement to which I have already referred:

Today we see a Canada enjoying a degree of prosperity never exceeded in living memory.

I think it is a sad commentary on our economic system that in a time of Canada's greatest prosperity more than half of our people earning incomes get less than $750 if single or $1,500 if married; and that 96.4 per cent of our farmers are getting less than $1,500 a year. The question that I should like to ask the house is whether a million or so of the Canadian people must always remain poor, when in a time of such great prosperity they are having as low a standard of living as the minister's speech shows.

Mention has been made of the United States many times and reference has been made to the high standard of living there. It is claimed that the United States has the highest standard of living in the world. I believe that for a great many of the people in the United States that is true. I have another magazine here, *Magazine Digest* of May, 1945, and in it there is an article by Senator Claude Pepper, in which he says:

During the past year, at least ten million workers in this country received an average of less than $1,300 a year. This is considerably less than 65 cents an hour straight time on a 40-hour week, 50-weeks-a-year basis. And that figure—ten million workers—doesn't include those in agriculture, the professions, or government or domestic service.

Even with an income of $1,300 a year—and many receive less than that—these families are unable to maintain life on a fair standard, in terms of today's prices. War labour board investigators find that an average family of four people should have a minimum income of $1,454.72 a year. That works out to 73 cents an hour. This is the standard, set for relief workers by WPA in 1935, given in terms of today's costs.

Then he goes on and finishes up by saying:

The much-talked of "workers' prosperity" obviously has not been felt by these ten million workers and their families.

This is in a country which boasts, as I have said, of having the highest standard of living in the world. Surely this article, together with the statement of the Minister of Finance, is a tragic admission of the failure of what we call the capitalistic system or what some people call private enterprise.

Coming back to the statement of the Minister of Finance that Canada is enjoying a degree of prosperity never exceeded in living memory, I said at the beginning of my remarks that we should stop and take a good look at present-day conditions and ask ourselves what we can expect in the future. I do not think anybody will deny that our prosperity—prosperity for fifty per cent of the population—is due to the war and conditions which have arisen out of the war. Billions of dollars were pumped into circulation during the war, and since the war Canada has been lending and giving to Great Britain and other countries close to $2 billion with which to buy the products of farms and factories. No doubt we are experiencing the greatest boom in all our history. What I want to know is: How long will it last? That is the major problem we in this House of Commons must face. Shall we hold our position? Are we going forward to new levels where all our people have a high standard of living? Or shall we slide back into another depression?

The war has been over for more than two years and we have been in the process of unwinding our war machine and our war economy. I was very much interested in a book I ran across the other day, which was written by Stuart Chase and entitled, "For This We Fought". This is Stuart Chase's latest book and in it he tells the story of the

veterans in the United States. I should like to say right here that we in Canada have provided for our veterans possibly better than has the United States, but still we shall probably find that the condition which applies in the United States applies here as far as a great many of our veterans are concerned. Chapter 1 of this book is entitled, "Men in New Suits"; chapter 2, "Service Centre"; chapter 3, "What the Veterans Want"; chapter 4, "What the People Want"; chapter 5, "The Five Year Miracle". In that chapter Stuart Chase tells of the wonderful production which was achieved in the United States and of the building up of the tremendous army which was built up there. Then he goes on to chapter 6, entitled "Let Down", which I wish to comment on. That tells of the let down of the veteran in the United States. Stuart Chase has this to say at page 57 of the book, "For This We Fought":

To unwind a total war economy is, of course, as much of a planned operation as to wind it up. American planning was good enough to build an army of 160,000 men to 10,000,000, practically overnight, while doubling gross national product. But nobody in power wanted very much to be responsible for unwinding—with the exception perhaps of Mr. Bowles. President Truman had a programme, but he was not expert in pushing it, while congress treated it with disdain. The national association of manufacturers demanded the removal of all price controls.

Pretty much the same story that we have seen here in Canada.

The New York *Times* led a powerful press campaign to turn the whole economy over to the unfettered forces of free competition.

That was what they did, and now they are paying for it. But here is something I am sure we do not have in Canada:

The Sentinels were organized by business men in Detroit, pledged not only to end all war controls—

And listen to this.

—but to repeal all social legislation since 1933.

I do not need to comment on that.

The mood of Civvy Street was to refuse responsibility for the changes which history had forced upon the country. Let nature take her course, and let us organize to get ours—this seemed to be the general idea. As I write, two million organized workers have been on strike or threatening to strike. Westbrook Pegler can hardly keep up with them. Many angry people would like to make strikes illegal. President Truman's threat to draft workers when they strike against the government has evoked both applause and bitter resentment. Yet millions of fellow citizens cannot be moral delinquents. There must be a human cause for this outbreak of strikes.

Of course there is a cause.

To discern the causes one needs to look coolly at the situation and keep his temper, but that is not easy, especially if one is emotionally involved in the outcome. It is easier to think that some stubborn, greedy and unreasonable persons on the other side are purposely thwarting us. Workers see managers of great corporations, bloated with war profits, standing in the way of their just rights. Managers see "communists" and "foreign agitators" standing in their way. Editors see wicked bureaucrats encouraging wicked labour leaders.

All these pictures are askew. Certainly there are wilful egotists in the labour movement, as elsewhere in the community. There are some pretty mean chaps running corporations here and there. The strike crisis in 1946, however, is the product of the rank and file—far too many of them to be written off as undesirables. Look at the telephone girls, or the locomotive engineers. If they are wicked and greedy, so are we all.

Then he asks this question:

What is troubling the workers? Chiefly fear for their security. They have vivid memories of the depression. "Am I going to lose my job again?" they wonder . . . "If the shutdown comes, can I stay in this town, or must I move again? Where do I find a house if I do move? What is going to happen to the kids?"

I could read the whole book, and I am sure all hon. members would be interested.

I should like to point out that business cycles and price levels in Canada have followed pretty closely those of the United States. In order to give the house an idea of how those cycles have operated in the past, I am going to make use of a chart which is to be found at page 455 of the book, "Economic Behaviour." This chart traces the booms and depressions that have taken place in the United States for the last 150 years, and in order to give hon. members a picture of how these price levels have varied during that time, I have had the chart enlarged. The line running through the middle represents normal prices, and of course the lines above and below represent prices during the booms and depressions. In that period of 150 years there have been thirty-one booms and twenty-six depressions. The first sheet shows the price levels for the years 1790 to 1863. If the minister is interested in this chart I will send it over to him when I have finished with it.

Mr. ABBOTT: I never could read graphs.

Mr. CAMPBELL: This gives a pretty good idea of how price levels have been going up and down. Sometimes they remain normal for a year or two, but not for very long at a time. I ask, how can business men or farmers or fishermen have security under a system where the price levels rise and fall to that extent?

The second page of the chart gives the price levels from 1864 to 1937, and it will be noticed that prices remained down for a ten-year period beginning in the thirties. I need

not take up more time with this; though if I had time and had been able to find the material I should like to have made an analysis of just what causes these depressions. During the lifetime of many hon. members we have had two major depressions in Canada, which were relieved by war; and the question we must ask ourselves is, do we need to have a war to take us out of the next depression which, according to many economists, may come within a very short time? In this sort of economy I ask, where does the little man come in, the man who works hard and saves his money with the idea of going into business or perhaps buying a little farm? Probably he will be forty or fifty years old before he can accumulate enough capital for his purpose, and if he should decide to start in business during one of these boom periods it will be just too bad for him, because he will most certainly go bankrupt. Just picture for a moment the misery and desolation of the man who has a family, who loses everything and has to start all over again at the age of fifty. Look at the experience of veterans of the first war who went into business or who bought farms, machinery and stock at inflated prices. They struggled on for twenty years, and many of them still owe large sums of money. Think of the many letters members of this house receive from people who are past their best working years, and who now find it almost impossible to get work. Apparently the only thing this government can do is to give them jobs around these parliament buildings. Only last winter one of these old men between sixty-five and seventy died up here with a snow shovel in his hands.

Then I went to the "Canada Year Book" to ascertain how many registered failures we have had in Canada. I found that from 1923 to 1941 inclusive there had been 34,555 commercial failures in Canada, and this includes only those who went into bankruptcy; it does not take into consideration those who quietly folded up and faded away. In this book from which I obtained the chart, Stuart Chase stated that in the United States 100 great corporations got eighty per cent of all war contracts, and that upwards of 500,000 small business men went out of business in that country during the last war. Part of Canada is in a depression right now. We have heard most of the members from the maritimes tell of the need for new industries there. The hon. member for Cape Breton South (Mr. Gillis) has pleaded for his miners in Nova Scotia, where a large proportion of the people depend for their livelihood upon one company. The Dominion Steel and Coal Company has gobbled up a large part of the natural resources of the maritimes and cannot or will not spend the money needed to bring the coal mining machinery up to date. Think of the worker worrying about how long his job will last. Possibly he has bought a house on the instalment plan and remembers that during the previous depression his father or his buddy lost his home.

Look at the insurance figures. Over eighty per cent of Canadian policy-holders lost their insurance during the thirties. One of the worst indictments of the present system is the report of the insurance companies given many times in the house as to what happens to 100 average young men by the time they reach the retirement age of sixty-five years. Statistics show that one will be wealthy; four will be well to do and able to enjoy comfort and recreation; five will be working for a living, with no prospects for relief from drudgery; thirty-five will have died, in many instances leaving families enduring hardships, and fifty-five will be dependent upon friends, relatives or charity.

Mr. Speaker, I do not like this capitalistic system, but I do say to the house that it is the system I do not like, and that I have no personal animosity whatsoever toward capitalists. I have known many wealthy men and, as a rule, they are pretty fine fellows. They average out about the same as any other group in the community. But what I do object to is the system which gives only half of the people at a time like this a decent standard of living. A system of that kind is not good enough. If it were possible for everyone to make profits and to get along under a profits system, I would be for it. But under this system there is no doubt that the multitude must work for a pittance in order to make profits for the few.

May I say one more word, because I have only a few moments left in which to speak. The system under which we now operate has had the effect of driving our young men from the farming communities to the cities. After spending some time in this section of Canada and having had an opportunity to see the type of work factory workers do, I have advised young men in my home community to stay on their farms, and not to come to the cities looking for cushy jobs, because such jobs are seldom found. The position of a man who must stand at a machine all day, and perhaps perform only one motion, and who must be at his work on the dot at a certain time each morning does not compare favourably with that of the boy on the farm; and for that reason I have advised them not to leave their farms.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

RAILWAY ACT

PENSION RIGHTS—BREAK IN SERVICE FROM CERTAIN CAUSES

Mr. STANLEY KNOWLES (Winnipeg North Centre) moved the second reading of Bill No. 24, to amend the Railway Act.

He said: Mr. Speaker, it is with considerable feeling and a consciousness of the deep significance of this measure that I rise to move the second reading of Bill No. 24. I am very happy to have associated with me as the seconder of this motion my hon. friend the member for Kenora-Rainy River (Mr. Benidickson); I trust that this association across the floor will be evidence of the non-partisan nature of this bill and of our concern that it be treated as in the interests of the railroad workers of Canada.

In the United Kingdom there is an interesting practice whereby members of parliament who wish to be associated in support of a measure in addition to the mover and seconder are permitted to attach their names to legislation presented to the House of Commons. If that practice were followed in this parliament the list of sponsors supporting this measure would, I am sure, be a lengthy one. In addition to the hon. member for Kenora-Rainy River on the government side there would be, I know, all the members from the Greater Winnipeg area, also the hon. member for Fort William (Mr. McIvor), the hon. member for Brandon (Mr. Matthews) and, indeed, government supporters from all railway centres in Canada. Further, on this side of the house there would be a long list of supporters of this measure. To begin with, I would mention the hon. members for Calgary West (Mr. Smith) and Calgary East (Mr. Harkness). To my left I would mention the hon. member for Lethbridge (Mr. Blackmore) and the hon. member for Bow River (Mr. Johnston). I see already certain members looking to me and expressing the hope that I will include them, and I am very happy to include the hon. member for Vancouver South (Mr. Green). In fact, this list of individual names, Mr. Speaker, is not to be taken as restricting the generality of the foregoing, and that applies particularly to members of my own group. To be fair, I ought to list all the C.C.F. members, but I will mention particularly the hon. member for Winnipeg North (Mr. Stewart), the hon. member for Selkirk (Mr. Bryce), the hon. member for Dauphin (Mr. Zaplitny), the hon. member for Churchill (Mr. Moore), the hon. member for Rosetown-Biggar (Mr. Coldwell), the hon. member for Regina City (Mr. Probe), the hon. member for Saskatoon City (Mr. Knight), the hon. member for Humboldt (Mr. Burton), the hon. member for Moose Jaw (Mr. Thatcher), the hon. member for Weyburn (Mr. McKay), the hon. member for Swift Current (Mr. Bentley) and the hon. member for Vancouver East (Mr. MacInnis).

There is one other name that, I feel sure, would have been found amongst the supporters of this measure, namely that of the Prime Minister (Mr. Mackenzie King). I say that because many years ago he was interested in a situation similar to the one the recurrence of which this bill seeks to prevent. In the days when the Prime Minister was in opposition back in 1919, he led a fight for the restoration of pension rights that had been lost in the year 1910, and I say to his credit that one of his first achievements after he succeeded in forming a government in the early twenties was the restoration of those rights. So I know of his interest in the matter that is now before the house.

There is, as hon. members know, wide support for this measure across the country. I have under my hand a sheaf of letters which I personally have received from correspondents in eight provinces of this country, all except the province of Prince Edward Island, and I have been told by many other members that they, too, have received numerous letters asking them to support Bill No. 24.

The purpose of the bill is to protect the pension rights of railroad workers against loss due to absences of various kinds, including loss when out on strike, and it grows out of the unfortunate experience of 1910 which I have already mentioned, and of 1919 to which I have made frequent reference in this house.

Section 122(1)(c) of the Railway Act gives to railway boards of directors authority to establish retirement or pension plans. This bill would add to the appropriate paragraph the following words:

> Provided that in the administration of any railway retirement or pension plan, leave of absence, suspension, dismissal followed by reinstatement, a temporary lay-off on account of reduction of staff, or absence due to an industrial dispute, strike or lock-out, shall not disqualify any railway employee from any retirement or pension rights or benefits to which he would otherwise be entitled.

In other words, the purpose of this amendment is to make it perfectly clear that the pension rights of railway employees, provided that such other conditions as are laid down in

railway pension plans are met, cannot be lost or abrogated because of a break in service for any of the reasons indicated in the proviso which I have just read. I am sorry to have discovered, on consulting my legal friends, that it does not seem to be possible by legislation to correct the injustice of 1919. I refer to the pension rights that were lost both in that year and in 1918 by Canadian Pacific employees who were out on strike at that time. The purpose of this amendment has to do with the future—from this day forward. Its purpose is to prevent the recurrence of such an injustice. That is the reason I am asking the House of Commons to add this amendment to section 122(1)(c) of the Railway Act.

As hon. members know, I have spoken a good many times on behalf of Canadian Pacific employees who lost their pension rights because of the strikes of 1918 and 1919, and I shall continue to press their case as thoroughly as I can in whatever way it seems possible to try to secure justice for them. But the bill before us does not relate to these men. As I have already said, it has to do with the future, from this day forward.

The situation today is vastly different from what it was in 1919. To begin with, at that time in many cases pension plans were on a non-contributory basis. Rightly or wrongly—I think wrongly—that argument is advanced in discussing the 1919 case. It no longer is an argument so far as the present or the future is concerned. All railway pension plans are now on a contributory basis. I am sure that those who agree with me that something should yet be done for the 1919 men will have no hesitation in saying that, now that pension plans are on a contributory basis, the rights of railway employees under these benefits should most definitely be protected.

In addition to the change in the structure of the pension plans, one might add that opinions have moved a great deal forward since the 1919 strike. In those days it was necessary for the present Prime Minister in his book, "Industry and Humanity", to argue in these words:

> If lifelong public service in industry is to receive its fitting reward, years that are denied the opportunity of employment should not be subjected to the humiliation of dependence on charity.

It is no longer necessary to argue these views; theoretically they are now generally accepted. Some of us may not be satisfied with the extent to which they are practised, but the principle is recognized today by industry that employees are entitled to protection in the form of pension rights. So has the view of society as a whole changed considerably. We no longer think of old age benefits, whether it be to people retiring from industry or to our older citizens generally, as a form of charity or hand-out, but rather as a right to which people are entitled. Therefore, because of these changes not only in the structure of pension plans, but changes that have taken place in the attitude of industry and in the thought of our people, I submit that this is a measure the principle of which really has the support of hon. members in all sections of the house.

In terms of another debate which the house has not yet concluded, may I borrow a phrase and say that this bill is, in effect, a bill of rights for the railroad workers of Canada. I am sure many will share my hope that the day will come when there will be a similar bill of rights for all workers in this country, when all pension rights will be protected; but I ask the house not to allow the fact that we have not yet reached that point to tempt members to fail to give that right at least to this section of workers for whom basic provision is already set out in the Railway Act.

I do not wish to speak further; I hope that by listing, as I have, a great many hon. members as joining with me in sponsoring this bill it will put them on record as in support of it and make it unnecessary for too many to speak, so that we can get the bill dealt with tonight. On that basis and on behalf of the railroad workers of Canada, I present to parliament this bill of rights, this bill designed to protect their pension rights and benefits. I take pleasure in resting the case for them in this high court of parliament.

Mr. W. M. BENIDICKSON (Kenora-Rainy River): It gives me a great deal of satisfaction to associate myself with the hon. member for Winnipeg North Centre (Mr. Knowles) in seconding this amendment to the Railway Act. I want to thank the hon. member for his willingness to allow me to be associated in such a direct way with this bill.

I was not long a member of the house before it was brought to my attention by my riding that there was a long-standing injustice there resulting from some railway labour difficulties of the period 1918 and 1919. Immediately on looking into the file to see what the situation was, I found that this was a problem which had been before the Department of Labour for a great number of years.

Tribute has been paid tonight not only to many of those in the house who have been taking an interest in correcting an injustice of the past but to those who are sympathetic to the bill in order that there cannot possibly be a recurrence of injustices that have previously

taken place. In paying a tribute to hon. members present, I wish also to pay a tribute to my predecessors from the constituency of Kenora-Rainy River, both of whom were railway workers and who, I found on investigation of the file, had for many years been endeavouring to rectify the situation of our fellow townsmen who find themselves today without pensions as a result of what I think is a harsh attitude taken after severance of employment for a few hours in 1918 on the Canadian Pacific railway. Those predecessors were the late Mr. H. B. McKinnon and the Hon. Peter Heenan, who himself at one time was Minister of Labour of the dominion government.

I cannot take credit for the drafting of the bill before the house, much as I appreciate being associated with it. However I am looking forward to this bill being sent to the railway committee of the house which, I think, will ensure that from a legal point of view and from the point of view of principle, it will be given a careful review. By the bill being sent to that committee, opportunity will be given for representations to be made and persons to be heard both from the railways and from the union organizations. It may be possible that there are some technical and legal objections to the amendment as now drafted. If it is not possible to accept the amendments as drafted I feel sure the principle is such a good one that it ought to be carried into the new labour bill that will be presented to the house shortly, and the benefits will then accrue not only to railway workers but to all workers who are under the jurisdiction of the federal Department of Labour.

In order that the house may have a little indication of the kind of grievance that we hope will be corrected in the future, I should like to place on record a statement that has been provided me by the International Association of Machinists, lodge No. 28 at Kenora, who report facts of the 1918 strike. As I say, reference has been made to some of our workers who are at least seventy years of age and over and who have no pension rights. In 1918 there was a railway strike at Kenora involving just a few individuals. It lasted for only a few hours. The men were called out by the head man of the local organization whom they respected and who was in a position of authority over them at that time. He represented an organization with whom the Canadian Pacific Railway Company saw fit to negotiate. No one was either paid off or reengaged and there was no real break in service. The company engaged no one else in the place of those who were out, and was put to no expense. The men themselves in a matter of hours found that they had been called out unwisely or without authority of those in higher authority in the lodge outside our town. As soon as they learned of this situation, they immediately went back to work. It is therefore very unjust to say that these people who at that time may have been over the age of forty, which was the top age at which people would be entitled to enter a pension scheme, should have been denied that pension, notwithstanding that some of them had worked as long as fifty years for the Canadian Pacific Railway Company at the time of their retirement. I know there are others who wish to contribute to this debate and consequently my remarks tonight must now be concluded in order to give them that opportunity. I thank the hon. member for Winnipeg North Centre (Mr. Knowles) again for bringing this most important matter before the house, and I hope it will receive not only good discussion tonight but consideration in the committee. I hope that the principle will be kept before the house when the labour bill is presented before the session concludes.

Mr. J. H. BLACKMORE (Lethbridge): I, too, have had considerable correspondence with respect to the injustice which a number of railroad employees have sustained by reason of the cancellation of pension privileges because of a break in their services. The last one of these letters arriving contains four cases of injustice which, I believe, will rather surprise the house.

The first one is that of a conductor who was out for just two years and was reinstated with full seniority but denied his pension. The second is that of an engineer who had a similar experience, and the third is also the case of an engineer with a similar experience. The fourth case is that of another conductor who had the following unfortunate story to tell.

This man entered the service on June 10, 1907, and was dismissed on April 1, 1931, and reinstated on November 1, 1933. He has record merits 106 to his credit and has three demerits for only a trifling error which he committed because of the tremendous rush of work which was upon him on the particular occasion. This man at the age of sixty-five will have forty-three years' service of a highly meritorious quality with a break of only two and a half years, but he will have no pension.

I believe all members of the house will agree that the men to whom I have referred as being mentioned in this letter have sustained a serious injustice. Labourers ought to be rewarded according to the length and quality of their service. All members will, I

believe, agree with that. Retirement pension is part of the labourer's just reward. The faithful labourer's title to his pension is therefore a sacred right that ought to be protected by law.

This Bill No. 24, if it should become law, would, as I understand it, protect the right of the labourer to his pension. I therefore gladly support the bill and refrain from further speech in order to enable some more of the many members who, I know, would like to rise and support it to have the opportunity.

Mr. RALPH MAYBANK (Winnipeg South Centre): I assure you, Mr. Speaker, that two minutes is all I need to put before the house my views on this subject. With the general idea underlying the bill I am most heartily in accord, but I have some doubt as to whether the wording of the bill is adequate for the purpose. I have a good deal of familiarity with the circumstances which have given rise to this piece of legislation that is proposed tonight.

Hon. members have given examples of men who had suffered as a result of the unfortunate industrial disturbance of 1919. I am afraid that if I were to undertake to give examples of men who have suffered greatly by reason of that occurrence and the actions of the employer afterwards I would keep the house here until a late hour tonight. I should think that hundreds, yes, many hundreds of real personal friends, very well known to me, are among those whose stories I could tell.

I feel, however, that this legislation, drafted just as it is, may not accomplish what the mover, the seconder and all other sponsors have in mind. I believe it ought to go to a committee. Whether it gets second reading before going there or whether it should go to the committee for study is, I believe, quite immaterial, but I think it ought to go tonight to some committee, and the question arises whether it should go to the railway committee or to the committee on industrial relations.

I believe that all those who support this legislation will agree that if we are to consider the matter properly it would be wiser to have the bill go to the industrial relations committee, whether after second reading or simply being sent there for study and report. I have had an opportunity of discussing this matter with the two ministers who are concerned, railways and industrial relations respectively, and I am happy to be able to say that there will be no difficulty from the point of view of either of them.

I am not going to take the responsibility of moving that the bill go to a committee; I rather think the Minister of Transport will deal with that himself. But I would suggest that it be the industrial relations committee to which it should go because, despite the fact that it is an amendment to a railway act, the subject matter belongs in that committee naturally; and the same is true of another piece of legislation before the house at the moment. When it comes up I should like to see it go to the industrial relations committee. I believe hon. members will all agree that we should apportion work to committees according to subject matter, rather than according to the name of the act being dealt with. I close with that thought.

I only wish to record that I am strongly in favour of the idea underlying the introduction of the bill. I am the more so by reason of the fact that I was intimately connected with the industrial disputes of the day which caused this trouble, and also by reason of the very large number of friends I have who suffered as a result of that industrial dispute. If anything can be done to prevent that sort of thing in the future, to make sure that other men will not suffer as these old working mates of mine have suffered, I shall certainly be glad that I had a hand in trying to get that legislation on the statute books.

Mr. DANIEL McIVOR (Fort William): It has been my good fortune to serve in divisional points and become thoroughly acquainted with railroad men, and I would say that they would compare favourably in character and unselfish service with any group of men, workers clerical or otherwise, in Canada. I have ridden the freights with them and I have learned to know them, at all hours of the day and night. There is, in my opinion, no one better entitled to any benefit of the doubt than railroad men.

In addition to the trouble of 1919, with which I was quite familiar, I would give as my argument in support of this amendment, however it may be fixed up legally to make it of use, the case of a young man, married, a credit to Canada, who during the depression was on the spare board. It was his job, but because he did not work for more than two or three days a month, or perhaps not that, his priority for pension was limited to the time he worked. I do not think it is fair. I could stay here for an hour speaking on this question, but it is far better for me to listen myself out of trouble.

Mr. L. A. MUTCH (Winnipeg South): I rise to support this amendment, not because of any particular knowledge that I claim or that may be acceded to me by my railway friends on railway matters, but I am interested in the principle involved in this legislation and,

so far as I am in the habit of committing myself, I am committed to supporting that principle. I rose to say that, whatever committee this bill goes to, and whether it goes to it before or after second reading, I hope that the amendment will be reported back to the house and that this parliament will at this session implement the principle which is at stake in this legislation.

Mr. C. E. JOHNSTON (Bow River): Just before this bill passes, Mr. Speaker, I wish to say a word or two. I do not intend to go to any great lengths. I have been warned that I should not read all the articles which I hold in my hand lest I talk the bill out, and I do not want anyone to get the idea that I am trying to do that. All members of the Social Credit party are in favour of supporting the principle of this bill. We do think, however, that it should go to the committee, so that we may be absolutely sure that the wording of the bill, when it is presented to the house, will be such that it will convey the ideas that all hon. members hope will be in the bill. We are pleased to have this opportunity of putting ourselves on record.

Mr. C. C. MILLER (Portage la Prairie): I rise also, Mr. Speaker, to support what has been said in favour of this bill to amend the Railway Act. In the riding which I have the honour to represent there are a good many railroad men who have suffered an injustice, just as previous speakers have said has been the case in their ridings. I think any member who has any knowledge at all of railroad men or their problems, should be in favour of an amendment such as this; and I certainly hasten to support the bill before the house.

Mr. WILLIAM BRYCE (Selkirk): I do not want to take much of the time of the house, Mr. Speaker, but I also have in my constituency a good many of these men who will be affected by this bill. I want to assure hon. members that I am whole-heartedly in support of it.

Mr. T. J. BENTLEY (Swift Current): Like some of the other hon. members who have spoken, I also have as constituents a number of men who will be affected by this bill, and I therefore feel that I should at least say a word or two on their behalf. Like the hon. member for Fort William (Mr. McIvor), I have also ridden on freight trains with some of these gentlemen, but I do not know whether it was under the same circumstances. I was either riding side-door Pullman, blind baggage, or on the rods, and these men were kind enough to allow me to go from here to there when I did not have the price of a ticket. Therefore I feel that I owe them a considerable vote of thanks. However I think this bill has all the merit that the mover and those who supported him stated that it had. For that reason I hope it passes this house unanimously.

Mr. RODNEY ADAMSON (York West): Mr. Speaker, I do not wish to take up much of the time of the house either. All I wish to say is that, having seen the injustices caused by the old act, which is archaic, I wish to support the principle of this bill.

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I feel that I should say something. I have railway men in my constituency. I have probably been associated with railroad organizations longer than any other member in this House of Commons, but I still believe in the sanctity of contract, and I think this should be said. I am still old-fashioned enough to think that the best agreements are those negotiated between free men. At the moment there is in existence in each of these railroads an exceptionally good pension scheme. Do not forget that this thing cuts both ways. You cannot have one law for the rich and one for the poor. If you are going to deal with one industry, you should deal with all of them. I am speaking just for myself now, and that is why I say there is something in the sanctity of contract. When you establish a pension scheme it must, by the very nature of things, be based upon what I think the insurance people call its actuarial soundness. I am not opposing the principle of pension for those engaged in industry, but I believe it is a question which should be discussed between those who are engaged in the industrial structure and are concerned with it. You can have a lock-out or strike which may completely destroy a pension scheme when you go right across the board; and those things should, in my judgment, be given due consideration.

I think I have fought for pension schemes as long as any member in this house, but I believe that they are better done through contractual relations between employers and employees. The railroad organizations of this country are probably the best organized and have had the longest contractual relations of any in the history of this country. In the main, they have got along well together. I want to say that, in my judgment, they stood second to none during the war period in promoting the interests of industrial stability in the Dominion of Canada.

The hon. member for Winnipeg North Centre (Mr. Knowles) spoke of a bill of rights. In the last week we have heard a good deal here about a bill of rights, and I think it is time that somebody spoke about a bill of responsibility. I was not feeling very well the other evening, because I had a bad cold, and was not able to listen to the Minister of Finance (Mr. Abbott), but I shudder to think what would have happened if this government had not been courageous in action—and assumed the responsibility that went with it—in connection with a certain incident in this country, as a result of which people were called to their just reward in the penitentiaries.

In these days of, might I say, emotional stress and strain after a great war, it is necessary at least that the members of this house assume some responsibility for the leadership which, in my judgment, is necessary in this difficult period. I know something about the emotional conditions after the last war. I know something, as I think do many hon. gentlemen in this house, about the emotional conditions that exist in certain sections of this country at the moment. Let me say clearly that I am not for one moment opposing the principle of pensions for men and women engaged in industry and commerce and, if necessary—to extend it a bit further—in the agricultural structure of this country. Let me make that quite clear, because I know what emphasis will be put on my remarks of this evening. But I say that we should look at both sides of the matter. It would not be fair to the working men and women if you set in motion a policy of insurance which was actuarially unsound. Let that be clearly understood. Who know best—the parliament of this country or the ranking officials of the labour organizations and the industrialists when they sit down and fashion an instrument predicated on the principles I have enunciated to see to it that the men and women engaged in a particular industry receive a pension when their days of labour come to an end? A great deal of legislation has been passed by this house and by the legislatures of this country in that regard.

But let me say also that I have knowledge of strikes and lock-outs in this country where the industry itself was being destroyed, and I am not blaming either the one side or the other in that regard. There are always two points of view to a dispute. But when you are passing basic legislation, which is to become part of the law of the land, you must be very careful. Some of us have some knowledge of what is necessary in connection with pension schemes of this description. I want to say to my hon. friend and the trade unionists in this house that the whole history of insurance provisions in the many trade union organizations of North America during the last twenty-five years shows many plans that were conceived without full knowledge of the actuarial conditions that should be met in order to see to it that, after many years of payment into such funds, those contributing would receive the pensions to which they were entitled. I have only to refer to the experience of my own organization, which made the same grave error some years ago; and I am sure other hon. members know of other organizations—not only labour organizations, though I am more familiar with those—which have had the same experience.

I emphasize this point, that it is very easy to stand up and say, "Three cheers for the red, white and blue", but I do not think you are doing justice to the men themselves, to the organizations they represent in Canada or to the good sense of this House of Commons unless you take a sound, commonsense point of view in connection with legislation of this description.

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, I think I should commend the house for two things this evening. The first is the unanimity of opinion which seems to prevail in regard to at least the principle of this legislation. In that respect may I say immediately that if there is the same unanimity when I have to bring before the house matters concerning my department, I shall be very happy. The other point for which I think I must commend the house is the fact that hon. members have decided to speak so briefly. I refer particularly to the sponsor of the bill (Mr. Knowles) and the hon. member for Lethbridge (Mr. Blackmore), who generally are inclined to be somewhat long-winded but who, this evening, spoke very much to the point. I am particularly happy that the hon. member for Lethbridge did not see fit to speak on his monetary theories and seek to establish that this change could be brought about in that manner, because if he had I am afraid we would not have reached a decision on this bill this evening.

Mr. JOHNSTON: Why bring it up now, then?

Mr. KNOWLES: I could have spoken on old age pensions.

Mr. CHEVRIER: Let me tell the house—

Mr. LOW: Just wasting time yourself.

Mr. CHEVRIER: My hon. friend need have no worries about the time I may waste, because

I think I can conclude the remarks I have to make before the time allotted to private and public bills has expired. I think the house will agree to one thing, namely, that the purpose of the legislation is something which should receive careful consideration. The hon. member for Winnipeg North Centre spoke of the fight the Prime Minister (Mr. Mackenzie King) led many years ago in connection with lost pension rights, and I am sure if the Prime Minister were a private member today he would feel as he felt then. But I do not believe the Prime Minister would have introduced this kind of legislation because, while I have a great deal of sympathy for the railway workers and others who may have lost their pension rights, as my colleague the Minister of Labour (Mr. Mitchell) has just said there are other factors which must be taken into account. That is that if the legislation now sponsored by the hon. gentleman does not meet the situation, or, in fact, endangers or makes the situation of certain railway workers worse, then we should be very careful to avoid disturbing the present position in regard to pension rights. When I speak I can deal only with those who are employed by the Canadian National Railways. I do not know the position in the Canadian Pacific Railway Company, though I understand that it is very much the same.

The provisions of this bill are sweeping, not only because they have to do with railway workers but also because, as my hon. friend the sponsor admitted, other workers in other spheres of industrial activity may seek the same sort of legislation. I have no quarrel with that, but I say we must be careful about the manner in which we proceed. So before legislation of this kind is enacted, it is a sound principle to ascertain what the position of the law is and what it has to say in reference to the pension rights of railway workers. If it is found deficient, then let us amend it. If one goes to the source he finds that there are three acts having to do with pension rights of railway workers; and I repeat that I speak only in reference to the Canadian National Railways. First, there is the Intercolonial and Prince Edward Island railway employees' provident fund, which was established in 1907 pursuant to the act bearing that name, later amended in 1913. Then, there is the Grand Trunk railway superannuation and provident fund, which was established pursuant to an act of 1874, and, finally, there is the Canadian National Railways pension fund. If this legislation were enacted without similar changes being made in the legislation governing those funds which, as the Minister of Labour said, have been found actuarially sound, and which have been approved by the Department of National Revenue, then I do not think such legislation would have much effect. Let me quote rule 16 of the Canadian National Railways pension rules, which covers practically everything my hon. friend asks. That rule reads:

16. The following need not necessarily be considered by the pension committee as a break of continuous employment or continuity of service:

(1) Absence on leave.

(2) Temporary lay off on account of reduction of forces.

(3) Suspension or discharge if followed by reinstatement or reemployment within one year with the approval of the head of the department.

In reaching a conclusion as to whether there has been a break in continuity of service the fact of the employee entering other employment during such absence, whether on leave or from suspension, discharge, or lay off, may be considered by the pension committee.

So with but one exception, that having to do with strikes or lock-outs, the pension plan covered by rule 16 of the Canadian National Railways fund is practically the same as the amendment sought by my hon. friend. Before enacting legislation such as this, therefore, one should be very careful that a plan which has been built up over the years is not upset.

For reasons I shall give in a moment I do not believe this bill should be given second reading, but I do think it should be studied in principle. I believe the principle my hon. friend has enunciated should be given careful consideration, and I make that statement because of the words which are appended at the end of the proviso. Perhaps I should read the whole proviso, which is as follows:

Provided that in the administration of any railway retirement or pension plan, leave of absence, suspension, dismissal followed by reinstatement, a temporary lay-off on account of reduction of staff, or absence due to an industrial dispute, strike or lockout, shall not disqualify any railway employee from any retirement or pension rights or benefits to which he would otherwise be entitled.

That, to my mind, notwithstanding what has been said by the hon. member, immediately raises doubt as to the retroactivity. And I agree fully with the hon. member for Winnipeg South Centre (Mr. Maybank) that there is a doubt that this legislation may not meet the situation my hon. friend has in mind. He did say that he had not in mind retroactivity, but that he had in mind the future only. The fact that he says that does not decide the issue, because a definite meaning is expressed in the words used, which I have just read, namely, "to which he would otherwise be entitled." There is a doubt, and those words might indicate that when an employee is rein-

stated he would be permitted to make retroactive payments into the fund. If this were allowed, then the legislation might well be unconstitutional. Then, it might well become a money bill and is invalid.

Furthermore, I mentioned two pension plans other than that of the Canadian National Railways. I mentioned that of the Intercolonial and Prince Edward Island railways. Those are railways owned by the government of Canada, and the employees of those railways are employees of His Majesty. If that be so, that raises an additional doubt which, added to the doubt as to retroactivity, might immediately make the legislation such that we would have to vote sums of money concerning the men who would be reinstated or who would be taken on after suspension, and so on, as set out in the legislation my hon. friend sponsors. And if that is so, there is great doubt about the validity of the measure.

Then, again, there is the additional point about the schemes. I am informed by those who are familiar with the schemes that Bill No. 24 would purport to take away the exercise of certain discretion by the pension board. The pension board of the Canadian National Railways is composed of seven men, three of whom represent labour and four of whom are appointed by the railway company. There are cases where employees have been guilty of offences which would not entitle them upon reinstatement to their service prior to dismissal, but it would be extremely unfair to grant a man who has been dismissed for cause in all cases a greater right than would be granted to an employee who resigns, without any black marks against him, and who would be considered a new employee upon reemployment.

There were a number of other points which struck me as I read this legislation. However I understand my hon. friend wishes to say a word or two in reply, and I shall not speak longer at this time. Let me say this, however, in conclusion, that, so far as the principle of the bill is concerned, in my view it should receive further consideration by a committee of the house.

So far as the legislation itself is concerned, I think there is doubt as to its constitutionality, as to its validity and as to its retroactiveness. Those are points which I think should be settled before second reading of the bill is given by the house. I therefore believe that the principle of the bill should be studied by a committee before whom witnesses, either from the railway or from the brotherhoods, would be called, and from those who have set up and established pension plans.

Since the hon. member placed the bill on the order paper, I have given some thought as to which committee it should be referred to, and if it is the will of the house my suggestion would be that it go to the industrial relations committee which would be more suitable than the committee on railways, canals and telegraph lines. I therefore move:

That this bill be not now read a second time, but that the subject matter thereof be referred to the standing committee on industrial relations.

Amendment agreed to.

Mr. SPEAKER: The hour for public and private bills having expired, the house will now revert to the business in hand before six o'clock.

THE BUDGET

DEBATE ON ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Muskoka-Ontario), and the amendment to the amendment of Mr. Coldwell.

Mr. ROLAND BEAUDRY (St. James): Mr. Speaker, may I make some brief comments concerning the budget. If one had any doubts about the merits of the budget now under consideration these would have been dispelled long ago by the type of criticism which has been directed toward it by the various parties of the opposition.

This criticism has added little to the hope, wish or thought, in any quarter, that the country might find a sounder financial document to guide us through the coming year. The budget itself, however, and the minister's introductory speech do give the majority in this house substantial cause to hope and trust that under this government Canadians will be gradually relieved of their tax burden.

I heard with particular interest the minister's reference to the disturbing migratory movement toward the south; I refer to the introductory part of his budget speech, in which he recognized that a good many Canadians find, each year, that the pastures are greener elsewhere, and in which he expressed the hope that the present budget will tend to make our own pastures more verdant. I concur in his recognition of the fact, and his expressed hope; and I fervently pray that at some near date he may be able to offer Canadians a perspective other than that of taxes, even

decreased taxes, almost from birth to death—not to mention the post mortem cess on what may have been saved from the tax collector.

Far be it from me to berate this government for this state of our affairs. We gathered a lot of impetus in our disregard for a man's right to retain his earnings, during the period 1914-1921—and habit is a hard taskmaster. However we seem to have regained a more proper outlook on the relationship between expenditure and normal revenue; and this, I am sure, should incite Canadians to remain in this country.

May I suggest to the minister that two more strokes of his brush might help to give our pastures a greener tint. One affects almost exclusively the part of Canada for which I sit in this house. I would submit to the Minister of Finance (Mr. Abbott) that his purpose would be achieved in part if he would bend some of his efforts toward obtaining for Canadians of the French language more adequate representation in what constitutes the greener pastures of the civil service—the higher brackets financially and executively. To him and the other members of the cabinet I would point out that the assurance of better things to come in that field would have undoubted influence over my compatriots of the French language in keeping them at home.

The other suggestion is with respect to the country at large. May I suggest to the Minister of Finance that in his future taxation plans he might incorporate some means of telling Canadians that they are not born in this country with the taxation millstone forever around their necks, some means of inciting Canadians to remain at home instead of emigrating at the rate of thousands a year, some means of ensuring that, if from the age of puberty to the age of near senility they must pay tribute to him, there may come a time in their lives when they can prepare to meet their Maker without first filing an income tax return.

Concretely, may I suggest to the Minister of Finance that from the age of fifty-five onwards, Canadians be entitled to a decrease in the current rate of income taxation, a decrease based both on their age and on the amount of income they are fortunate enough to have accumulated or to earn?

May I urge that, beginning with the taxation year in which a Canadian citizen has reached the age of fifty-five, he be given an exemption of five per cent of the taxable amount of his income for each year of age he has reached from and over fifty-five, until the age of sixty-one, inclusively, and that from then on the exemption increase by ten per cent for each year of age? In practice this would mean that a man of fifty-eight would pay eighty per cent of the tax which his neighbour of forty would pay on a similar revenue, that a man of sixty-two would pay fifty per cent of the tax which he would have paid had he been ten years younger; and it would also mean that a man of sixty-seven would become free from his duties to the country, income-taxationwise.

There may be some objections pertaining to the amount of taxation a rich man of seventy years of age might evade. But there would be no difficulty, I am sure, in setting a limit to the amount of revenue to which this provision should apply, and perhaps I might suggest that the average Canadian would be well protected and would not be discriminated against if the maximum revenue to which this exemption might be applicable were set at $8,000 a year.

The bureau of statistics sets the normal expectancy of death in Canada at 66·29 years for women and 62·95 years for men. In the light of this, it could hardly be thought that, by such an exemption as I advocate, the country would suffer a considerable loss of revenue. But the minister would do what few ministers of finance in any country have found it possible to do; he would instil in the heart of every Canadian the hope that, at some time, they might thumb their nose at his minions. That, of course, might be enough to prolong the life of every citizen by some years.

We are daily legislating toward achieving some measure of state-controlled financial security for old age. Should we not also legislate for those Canadians who would rather provide for that security themselves, with a greater measure of pride and satisfaction—and more economically to the country?

Pension plans and insurance plans are encouraged by the government and exemptions are given on amounts contributed toward them by the tax payer; yet there is generally a toll on their benefits. Would it not be more logical for these exemptions to remain applicable, and to ensure that, if a beneficiary lives long enough to enjoy the fruit of his savings, he shall do so to the fullest measure possible and not only after a division of spoils with the lord high collector?

Should not Canada grant that a man has carried his full share of the financial burden of the country when he has contributed to the full extent of his financial resources for forty years, and should there not be a tapering off from then on, so that those fortunate few who have escaped the scythe may also avoid the scalpel of our income amputation revenue department?

I believe that the minister has figures indicating that the proportion of citizens in this country with revenue bearing incomes for the treasury is somewhat lower than six per cent in the sixty year old category. I am sure that no one in Canada would begrudge that six per cent a slightly richer old age, least of all the Minister of Finance whose physical appearance would lead one to believe that he himself would enjoy the exemption for quite some time.

There are some few in this house who seem to believe that along with our brand new citizenship certificates should go a brand new treasury certificate, valid for $20 a month for life. The minister has it in his power to grant, with the rights of citizenship, another right, that to a tax-free old age and to a modified taxation in later middle age.

I hope that these will soon go hand in hand. This duality of rights would, I believe, instil in Canadians more faith in their future than the pessimistic prophecies of the apostle of a commonwealth or of a credit which has nothing social about it unless perhaps its promised manifestations are used as tokens for parlour games at social gatherings.

Mr. PERCY C BLACK (Cumberland): I have nothing but good will personally for the Minister of Finance (Mr. Abbott) who brought in this budget. I am not sure, however, that he has not taken something that rightfully belongs to Nova Scotia, because we have had able finance ministers from that province, including his predecessor, the present Minister of Justice (Mr. Ilsley), Hon. James Layton Ralston, the Hon. E. N. Rhodes, Hon. W. S. Fielding, and Sir Charles Tupper.

The budget is for the 1947-48 period. It is for the third post-war year. We as Canadians are proud of our achievements during the war and our favoured position in comparison with other countries of the world. It is well that we have a high national income, and we must maintain it in order to meet the cost of government. But it is becoming painfully evident to every housewife in the low and moderate income groups that much of the increased income the minister talks about is swallowed up in the increased cost of articles that go into the family budget.

The ordinary expenses of the government increased $200 million in 1946-47. The budget for the current year shows a further increase in costs of seventeen departments of government, with the supplementary estimates still to be provided for. The government appears to love to tax for its own fast increasing expenditures and also for provincial governments which would like some fields of this taxation for their own purposes.

Many will be pleased that there has been a reduction in the income tax, and it could not be otherwise with war expenditures no longer necessary. Relief goes to those in the higher tax bracket. They have been severely taxed and few will begrudge them the relief this budget brings, but there is no relief for those in the lower and middle brackets. Their indirect taxes are not reduced by a penny. Their direct tax relief is cancelled out by higher costs. Already living costs have increased this calendar year in an amount greater than tax reductions to be enjoyed by half the income taxpayers of Canada. Business, moreover, has been greatly disappointed that there have not been cancellations or reductions in taxation imposed on business during the war. The Halifax *Chronicle* sized this up in a heading: "Business gets little out of budget—except lecture".

The Minister of Finance reports the national income in the last fiscal year to be $11,100 million. It is a matter of interest to all Canadians to know where this originates. About three-quarters, or $8 billion, is credited to the central provinces of Ontario and Quebec. The three premiers of the prairie provinces in recent signed statements claimed that the agricultural income for Manitoba last year was $250 million; for Saskatchewan $388 million and, for Alberta, $432 million, or a total of $1,070 million. Nova Scotia is reported by the bureau of statistics as having had $34,700,000. We are told that British Columbia is rolling in wealth and prosperity. Its population increased from 817,861 in the 1941 census to 1,020,000 in 1946, according to the ration book and other returns, and this is, to a considerable extent, a drain on us in eastern Canada. It is already planning on three additional members after the next census, and these will probably be at the expense of Nova Scotia.

It is recognized that the maritime provinces are not sharing in the prosperity of other parts of Canada. Coming from Nova Scotia, I take pride in the development of Canada as a whole, but my first duty is to the maritimes which need all the help they can get, and I appeal to parliament for more than "sympathetic consideration". Nova Scotia has a great history. There would have been no Canada without it. Responsible government started there, as did free schools. Confederation had its beginning in Nova Scotia. We have done our part in peace and war. Nova Scotia has great resources in farms, mines, fish, lumber, industry and tourist attraction. The tourist branch at Ottawa has only thirty on its staff for all Canada, while the film board has over six hundred. Unfortunately most of our production has been in the raw unfinished

form, exported to provide the least employment to our home people. We have raised and educated our population and a large portion have gone to build up other parts of Canada. They have been leaders in banking, in industry, in the professions, in education and in statesmanship. Many Nova Scotians now feel that we have too much statesmanship for others and not enough looking after our own interests.

It is recognized that we have not prospered in confederation as have other parts of the country. The government and many of the public men in office at Ottawa seem to take it for granted that this has to be our lot. If we had been told at confederation that we were to be "unprivileged", the "have not" province, the "poor relation", terms we now hear so often, there would have been no confederation, and we would have made our own way as part of the British empire. Although I still believe in Canada, I also earnestly believe that we in Nova Scotia who have contributed so much over the years deserve better treatment within the Canadian nation.

This government and their party have been given support by the people of Nova Scotia rarely equalled in any country, and our people are now more and more convinced that we have had too much politics and we have not had fair treatment. They recognize that we have some disabilities and they must be overcome so that we may share in Canadian prosperity. That many men outside the maritimes are now of this opinion was recently illustrated when the hon. member for Davenport (Mr. MacNicol) came whole-heartedly to the support of our cause. I am pleased that to some extent I was instrumental in inducing him to come to the maritime provinces last summer. This great Canadian geographer, industrialist and parliamentarian, who has criss-crossed and covered Canada many times in his travels, has taken up the cudgels in our behalf. From his wide, embracing store of knowledge of the nation, he proclaims us to be the forgotten part of Canada. I appeal to every public man and businessman, irrespective of their politics, to come to our rescue and to aid us in our plight.

I have heard several other hon. members ask privately "why do we stand for things as they are?" My answer is, too much politics.

I do not like to repeat and enumerate our disabilities and grievances, but continued neglect makes repetition necessary. Hon. members have been told again and again about war contracts. From July 14, 1939, to December 31, 1946, the maritime provinces received $380,500,000, while Quebec had $5,223,600,000 and Ontario $5,436,700,000, a comparison of $10,660,300,000 to our $380,500,000 in the maritimes.

[Mr. P. C. Black.]

In shipbuilding contracts the government now passes us by. When all yards have to be worked to capacity we had some contracts. Now when the government can pick and choose, Halifax and Pictou are not on their list.

The government had many crown companies operating during the war. On page 35, dealing with the budget, the capital assets of the crown companies still operating are listed at $85,755,000. Not one dollar of capital expenditure included in this amount was made in either Nova Scotia or the maritimes. There are also large expenditures, which I shall not refer to in detail, at Chalk river, running to $27 million. The trading company known as the Canadian Commercial Corporation has large contracts for $300,872,575 for all Canada, but only $2,151,351 had application to Nova Scotia. This has to do with price stabilization and export credits.

There never has been and never could be a like opportunity to establish industries in Nova Scotia with peacetime potentialities as during the war and the years since. However, this appears to have been farthest from the thoughts of those entrusted with the spending of the billions of dollars of war moneys.

There were large expenditures for military camps and airfields, but these have all been wrecked and made useless for peacetime industry and development, thus giving rise to the impression that, in their origin, the benefit of contractors was a greater consideration than the future well-being of the people in these localities. Debert, now a wreck, was the scene of approximately a $14 million expenditure. Contractors benefited from $4 million expended at Windsor; Cornwallis, about $10 million; Shelburne, over $4 million; the Exhibition grounds, Halifax, $1 million; Maitland, $3 million; and Point Edward, Cape Breton Island, $3 million; with like expenditures totalling in all more than $50 million there has been practically nothing to assist the permanent building up of our province and the providing of peacetime employment. One peacetime establishment, the naval college, was transferred to Royal Roads in British Columbia. I had an opportunity of visiting Royal Roads and I regret exceedingly that the college was taken from Nova Scotia although it now has a magnificent site.

Although we have heard much about the Canso bridge or causeway, and Premier MacMillan did announce before the last election that the Minister of Reconstruction and Supply (Mr. Howe) had approved this construction, nothing has been done except a survey which was made under pressure. The

Jacques Cartier bridge at Montreal was built at a capital expenditure of $19 million and five per cent bonds issued. Deficits have accumulated totalling $6,822,000, all guaranteed or paid by the federal government. The St. Lawrence bridge cost $23 million plus deficits, but no such expenditures in Nova Scotia at Canso or Halifax harbour!

The Chignecto canal has been before this house repeatedly, and it has been projected ever since the Acadians first came to Nova Scotia. It is warranted both as a commercial and as a defence undertaking, and it would have been built long years ago except for the fact that our part of Canada has been in the "have not" class.

Central Canada has had $243,752,399.78 expended on canals, and there have been accumulated deficits of $114,130,209.81, or a total of $357,882,609.59. There is an additional expenditure of $275 million projected on the St. Lawrence canal. We in Nova Scotia have a canal, the small St. Peters canal, started in 1854, suspended in 1856, resumed in 1865, finished in 1867—all before confederation; also a small canal for fishing boats in Guysborough. But the Chignecto canal, a construction which would enhance the entire economy of the maritimes, has been put off from the days when the Indians and early settlers used this crossing.

We contributed to the construction of the Canadian Pacific railway, but we were never permitted to have it enter Nova Scotia. We also contributed to the Grand Trunk Pacific costing hundreds of millions of dollars, and all we got was the election cry, "Listen to the whistle of the Hong Kong train." The Sydney-Pictou-Moncton railway waits with other Nova Scotia projects for rebuilding. It now runs up and down, in and out and round about, so that at modern railway speed everyone that rides it would be a "humpty dumpty."

There has been the possibility of cheap tidal power plants at Petitcodiac, Chignecto and other places, providing large blocks of still cheaper secondary power, but they have remained only mirages.

The Minas basin ferry service was in operation for more than forty years between Kingsport, Parrsboro and Wolfville. The government of Nova Scotia had the motor ferry boat *Kipawo* built and operated from 1928 under subsidies. It was required for war purposes, and traffic was then compelled to go 150 miles during the shortage of gasoline and rubber. Our people willingly put up with this during the war, but naturally they expected the service to be restored at its conclusion. However, this boat the *Kipawo,* was sold in Newfoundland by War Assets Corporation for about its cost price—$26,000—and no boat, among the hundreds built and leased by the government, was made available for the resumption of this service, although local parties had agreed to undertake its operation.

I have received repeated representations from the boards of trade and others, the last being as follows under date of May 3 of this year:

> A report of the Valley board of trade, held in Kentville, Wednesday evening, was given by W. C. Mosher, who stated that efforts are being made to restore the ferry service between Parrsboro, Wolfville and Kingsport, although the railway is not interested in the project, the matter is being taken up.

Money for everything but not for this service, which was a matter of pride to the people of the localities served but now a further proof of decadence. I may say that the $26,000 realized from the sale of this boat will now go into the surplus funds to swell the $352 million reported by the Minister of Finance as a surplus.

I obtained a list from the war expenditures committee of some of the ships acquired by the government during the war, and money or costs did not appear to be a factor. There are sixty-three ships in this list, and I am going to give the costs on some of them:

Ship's name—Length—Name owner	Cost repairs and rents while under R.C.N.	Cost of reconditioning for return to owners or cash settlement
Fifer yacht, 104 feet, Empire Stevedoring Co., Vancouver	$ 29,958 41	$ 17,985 98
Andre Dupre yacht, 125 feet, Marine Industry.....	31,008 21	9,010 73
Rayon D'Or, trawler, 140 feet, Maritime Fisheries, Quebec	41,347 78	103,361 51
H.C. 60 yacht, 97 feet, Eastern Motorship Co., Halifax....	27,213 68	10,049 25
Norsal, fishing vessel, 128 feet, Powell River Co., Vancouver ($15,048.00 per year) Total.....	14,835 02	16,500 00
G.V. 14 gate vessel, 135 feet, Marine Industries.....	52,225 33	24,906 44
H.C.P. yacht, 53 feet, Fulford ($1.00 rental).....	484 57	22,448 52

Reported to war expenditures committee. Sixty-three vessels in all, yachts, tugs, fishing vessels, trawlers, motor launches, gate vessels, motor vessels, et cetera. Some vessels were chartered at $1.00 per year, plus repairs while in operation, overhaul costs before being returned to owners.

Our people are supposed to be pleased when they learn that private owners, in addition to the return of their boats, were awarded costs of repairs in excess of their original value. No ferry boat! No post-war industries for us! Sugar refinery closed! Rolling mills and airplane factories and other plants closed! The plate mill made into scrap! Not so in central Canada.

To show how we fared in Nova Scotia in comparison with central Canada, I am going to quote a few sentences from the proceedings of the committee on war expenditures on May 30, 1946, at page 527:

Mr. Cote, M.P. (Verdun): . . . it is my duty towards the corporation (war assets) and the Department of Reconstruction and Supply to tell you, Mr. Chairman, that the people of Verdun and the outskirts of Montreal generally, will derive a great benefit from the setting up of this multiple-tenancy occupancy of that building in Verdun . . . In Verdun there was no industry before . . . Close to forty industries are now operating, not all full time yet, but most of them will be before long, and they will provide employment to around four thousand people . . . I think the members will agree with me . . . that the corporation and the Department of Reconstruction and Supply deserve credit for what has been done there.

Mr. Black (Cumberland): Before Mr. Berry answers, it seems that it is in the Montreal and Toronto areas where they are to reap the benefit of the application of this policy, where new industries are being established. I was wondering if by some happy circumstance that policy could be extended to our province, more particularly to Amherst, where there are a number of large buildings . . . they have as fine a record in the building of planes as . . . any other place in Canada.

There is the subject of government assistance for our marsh lands in Nova Scotia and New Brunswick. There was never in the history of this parliament a better case made out for a special project, and it does not need further argument from me.

The government has been pleaded with by the ministers of agriculture of Nova Scotia and New Brunswick and others to announce its permanent policy, and to get work under way this year while the weather is favourable. The federal Minister of Agriculture (Mr. Gardiner) made his budget speech but made no reference to this.

All the members from Nova Scotia have had a recent letter from Hon. Mr. Mackenzie, Minister of Agriculture of Nova Scotia, dated May 6, asking for action. I quote a few sentences from his annual report to the provincial legislature, Department of Agriculture, page 150. I am not quoting from his letter, although I have it here:

Repairs to dykes and aboiteaux on Nova Scotia marsh lands have been carried on for some years past on an emergency basis, pending the approval of a more comprehensive policy providing for a long-term constructive programme that will eventually restore these fertile dyke-lands to their normal productive capacity.

In former times when these marshes were at the peak of production they contributed much wealth to the adjoining and neighbouring upland farms which in most cases were too small in acreage to successfully carry on without the hay, pasture, and grain produced on the dyke-lands. If Nova Scotia is to expand farm production, these marsh lands must be rehabilitated, for it is in these areas that the majority of our productive and potentially productive farms are located . . . Nova Scotia must have more crop land and as these dyke-lands are fertile and productive and when properly drained and protected from tides compare favourably with the best prairie soils, the rehabilitation is simply a matter of conserving an important and necessary natural resource.

Both federal and provincial authorities have now accepted the principle that the rehabilitation of the marsh lands is of national importance and that the undertaking should be organized on a permanent basis.

There is very much more I could say, Mr. Speaker, I have in my hand a report called "Fifty Years of Progress on Dominion Experimental Farms". At the front is a picture of the federal Minister of Agriculture, and it is quite proper that it should be there. I was interested in seeing his report on the experimental farm at Nappan in my constituency. I am going to read just a few lines from that, at page 103:

The dyke-land of this farm forms a part of one of the largest tracts of dyke-land on the continent. . . These vast dyke-lands will ever remain a tribute to the work of the French, for it was they who first won them from the tides of Fundy.

I say with a little shame, that no such tribute could be paid to the men who are carrying the responsibility for rehabilitating these lands at the present time. The provincial governments of Nova Scotia and New Brunswick are prepared to do their part. The property owners are prepared to do their part, but it is impossible for them to do so without the assistance of the minister and the government at Ottawa. The minister last year laid down a general policy the undertaking involving quite an expenditure. He has approved repeatedly, but the difficulty is that no action is taken. There is nothing being done, and the people who are interested in farming down there are becoming more and more discouraged.

The operation of the coalfields, a great national industry in Nova Scotia, was under the control of the federal government during the war, but this has been far from satisfactory. The government has paid out large subsidies for the production of coal, for

which Nova Scotia should be grateful, but the government's policies have not given good results. Experienced miners were encouraged to enlist and men with no experience were sent to the coalfields throughout the war while heavy income taxes discouraged overtime work. We should be producing 8,000,000 tons of coal a year, worth $50,000,000, but there has been continuous dissatisfaction among the miners, and the industry has been in the worst position in more than twenty years. I want to thank the Minister of Labour (Mr. Mitchell) on behalf of all Nova Scotia for his efforts in settling this long-drawn-out and very unnecessary strike.

While I am not taken into consultation very often, I feel that the members from Nova Scotia should forget partisanship and work together. There is much I could say with regard to the subject of dominion-provincial agreements as it applies to Nova Scotia. I set out my views in a radio address on February 18, in which I stated, "From a money standpoint it is now difficult for Nova Scotia to refuse the last offer of subsidy payments and our provincial taxpayers would suffer by a refusal." I am, however, against the trend of centralization and dictation emanating from Ottawa.

I read with interest Premier Macdonald's address before the Halifax junior board of trade and his commendation of the efforts of the Nova Scotia government in the depression years to keep the province solvent. I am especially interested in that because I was a member of the government of Nova Scotia at that time. We were then administering affairs in Nova Scotia with a revenue around $8,000,000, while $22,000,000 is now expended. We needed additional revenue, but we did not impose a provincial income tax in Nova Scotia and it has never been imposed. But what has been the result? When the federal government took over the entire income tax they increased taxation more in Nova Scotia than in any other province—from nothing to the highest level. Other provinces had only the income tax increased that they had already imposed. Nova Scotia got no credit for its thrift or for imposing higher taxes than other provinces on gasoline, car licences and other things. Nova Scotia financed its own requirements and issued its own bonds during the depression years. It met all its obligations and kept all its municipalities solvent. The four western provinces were largely financed by the federal government during the depression period by federal treasury bills as follows:

Total treasury bill debt:

Manitoba	$24,734,451.82
Saskatchewan ..	80,441,852.44
Alberta	26,212,000.00
British Columbia	34,112,249.99
Total	$165,500,554.25

When the federal government entered into separate agreements with the four western provinces, they made settlements of these treasury bills, which were still owing by these provinces, the total being dealt with as follows:

To be cancelled	$55,456,164.06
To be repaid (out of proceeds of natural resources settlement)	15,987,500.00
To be refunded (without interest)	49,729,979.99
To be refunded (with interest over a period of 30 years at 2·58 which liquidates the principal as well)	44,326,910.19

We in the east were not consulted when this settlement was made. The four western provinces are rolling in wealth and national income in comparison with the maritimes, but no comparable treatment is accorded to us. Our people got first information through the boastings of the western premiers in the press.

Nova Scotia met the impact of the depression as best it could, and many municipalities, including Cumberland, never went on relief. The province did not pay for shelter or rent and property holders made heavy contributions, all of which saved the federal government large sums. Nova Scotia still has a funded debt of $25,389,000 of 4½ per cent bonds and $15,185,000 of 5 per cent bonds, making a total of $40,574,000 carried from the depression years. If Nova Scotia had the same consideration as the four western provinces this debt would be settled by:

Cancelling	$13,592,000
Allowance for natural resources Nova Scotia helped pay for	3,918,000
By refunding without interest ...	12,189,000
By having paid off in 30 yearly instalments at 2⅝ per cent interest and principal	10,875,000
	$40,574,000

In previous sessions I have referred to the unfairness of the federal tax on electricity. The tax is on the cost to users of electricity generated by private enterprise and my county of Cumberland pays about $150,000 a year, while Montreal and other places served by government generated electricity and low cost financing escape paying such taxes. Heavy corporation taxes increase our costs on privately generated electric energy, but not on government hydro electricity. The tax is on the cost to users, not on the kilowatts, so that users

from the smaller and less efficient plants pay the heavy taxes. Nova Scotia built 218·5 miles of rural electrification last year, subsidized and encouraged its construction in an effort to bring modern conveniences to rural communities; and the federal government makes no contribution, assumes no responsibility, but lays on heavy electric taxes under the guise of war. Nova Scotia has a programme to build 500 miles of rural electrification next year and the following years, and Ottawa will gather in more taxes from us.

I join with the hon. member for Royal (Mr. Brooks) in his protest against Ottawa's treatment of Nova Scotia and New Brunswick with respect to the marketing of birch affected by "dieback". This affects hundreds of millions of feet of hardwood in these provinces. I resent the insinuation of the Minister of Reconstruction and Supply (Mr. Howe) that lumbermen of the maritime provinces cannot be trusted. We have a well established lands and forests department in Nova Scotia, now presided over by Hon. J. H. MacQuarrie, who stated in Halifax on May 10:

> People at Ottawa do not know what they are doing. Ottawa was to blame for the fact that Nova Scotia lumbermen could not market birch affected by dieback, wood that would be useless in five years or less . . . We have not ceased one iota in our efforts and we will continue our efforts until we do get relief for the people of Nova Scotia. They (Ottawa) do not seem to have the faintest knowledge of the situation.

This is one more proof that Nova Scotia's interests get little consideration at Ottawa today. Surely the requests of the department in Nova Scotia should be accepted.

I have not told the whole story, but private members from all parts of Canada should join forces with the hon. member from Davenport, so that we in Nova Scotia will not be "the forgotten part of Canada."

I do not want hon. members to think, even if we have not had fair treatment and even if we have not prospered as we should, that we have not great resources and great production, shipped away, it is true, mostly in the rough and unrefined form when industry should be based upon it at home. This was well pointed out by the hon. member for Colchester-Hants (Mr. Stanfield) in his splendid speech in this debate when he said:

> Many Canadians who have never been to the maritimes seem to have the idea that maritimers are only hewers of wood and drawers of water. This certainly is a mistaken idea. The maritimes are a beautiful country and the maritimers are the highest type of Canadian citizens.

Nova Scotia must indeed have great wealth as well as great thrift, or it would not have the capacity to purchase the long list of articles and commodities from central Canada totalling many millions of dollars every year with a minimum of reciprocation. The heads of industry and bankers marvel at our purchases of motor cars, trucks, tires, batteries, farm machinery, cement, electric motors, tobacco, sugar, flour, radios, medicines, tools, jewellery and a hundred and one articles, and still we are able to educate our boys and girls so that they may be enticed away from home to take places at the top all over Canada. We are now told that there is to be a big increase in freight rates on our purchases and sales. We in the maritimes threw in our lot with Quebec and Ontario and, if they are to supply us with our necessities such as motor cars, trucks, cement, farm machinery, electric motors and such articles, I think we have the right to have them delivered to us freight paid at the lowest factory prices.

For better or for worse, we are part of Canada which has a proud place in the world today. Our people are more and more coming to the opinion that we have not had a fair deal. We in Nova Scotia want our proper place as an integral part of this great and expanding country.

Mr. W. F. KUHL (Jasper-Edson): Mr. Speaker, consideration of a national budget raises the question of fundamental principles which govern in the national economy. To say that we cannot achieve national greatness unless we lay down and pursue sound long-range objectives and sound fundamental principles is to make an assertion which is self-evident. The point at issue, however, is what constitutes sound long-range objectives and sound fundamental principles. Each political party represented in this house considers that the fundamental principles and objectives to which it subscribes are sound, even though they are at variance with those of other parties. These principles therefore cannot all be right and neither can they all be wrong; and I doubt very much that it will ever be determined in this house which of these principles are sound and which are not. The political party atmosphere will not permit such to be done. "My party; right or wrong, my party," remains the dominant attitude of all political parties in this house. The most that can be hoped for is that the discussion and debate upon these issues in parliament will enable the electors to draw their own conclusions and determine their own course of action, and in the few moments at my disposal I wish to make my small contribution to that end.

So confused are the issues today that it is necessary that we define more carefully than ever before each and every term we use. There

can be no intelligent discussion of any subject until we first define our terms. As simple as they are, such terms as "democracy," "freedom," "security" and so on, today mean different things to different people. That is equally true of many other terms we use such as "capitalism," "free enterprise", "private enterprise," "full employment," "socialism," "communism", and so forth. Such confusion is abroad today that we find totalitarianism masquerading under the cloak of democracy, slavery being represented as freedom and anti-Christianity being propagated under the sacred name of Christianity. How imperative therefore that we have a clear conception of what is involved in the terms which we use. I should like to use my time on this occasion to indicate my conception of some of the terms to which I have referred.

I wish, first of all, to indicate what conditions I think must prevail before our society can be characterized as a genuine democracy. As to definitions, I prefer the one given by Major C. H. Douglas, the founder of social credit principles, when he said that democracy is government in accordance with the will of the people. This means that in a genuine democracy the people should be able to get the results they want from the management of their affairs.

Accepting this as a general definition of democracy, I think it is fair to say that systems which have been designated as democratic have failed dismally to produce results in accordance with the will of the people. Even in countries where the outward forms of democracy have been most successfully established, the people have obtained very few of the results they wanted. On the contrary they have had insecurity, poverty, want and war meted out to them, and have seen individual freedom diminishing at an alarming rate. Instead of government in accordance with the will of the people, we have had government contrary to the will of the people.

The people of Canada are not getting from their present government the results which they desire. The people of Canada are willing and able to produce the things required for a standard of living very much higher than what they are at present enjoying. The standard of living which the people are entitled to enjoy should be limited only by their willingness to produce and their capacity to consume. At the present level of prices that should certainly represent an income of at least $4,000 a year, tax free, for every family of four. And as industry gets back to capacity production on a peacetime basis a substantial improvement on that amount should be possible.

I say, sir, that the people of Canada are willing and able to produce goods and services necessary to sustain and improve such a standard of living. But they can neither raise production completely to those levels, nor can they bring about the complete distribution of that production unless their efforts are accompanied by certain actions which the government must take, actions which the people themselves cannot take and which must therefore be undertaken by the government on their behalf.

The present government has not taken such steps and has not legislated in such a manner as to permit the people to produce to the limit of their desire to consume, and which will permit them to consume to the extent of that production. The present government is not governing in accordance with the will of the people of this country.

The question therefore arises: how can a government be compelled to govern in accordance with the will of the people? Before this question can properly be answered, another matter of fundamental importance must be determined, and that is the real purpose and function of parliament. Parliament today has departed a very great distance from its real purpose and function. I consider that Major Douglas has stated the purpose of parliamentary institutions as well as anyone has. In a speech at Buxton on June 9, 1934, he made the following statement:

> Instead of electing representatives to inform bankers and industrialists (who understand the technique of their jobs perfectly) how to do them, and to pass a multitude of laws which, while providing unnecessary jobs for large numbers of people who could be better employed still further impede industry, the business of democracy is to elect representatives who will insist upon results and will if necessary pillory the actual individuals who are responsible either for the attainment of results or their non-attainment.
>
> It is not a bit of use asking democracies to decide upon matters of technique; and it is quite certain, as has already been demonstrated, that if you throw a plan to a democracy it will be torn to shreds.
>
> It is not the business of the parliamentary machine to reform, for instance, the financial system. It is the business of the parliamentary machine to transmit the desires of the people for results out of the financial system, and to transmit to the people the names of individuals who are responsible for the financial system, so that by the exercise of the right of eminent domain, which has undoubtedly been established as vested in the representatives of the people, they may if necessary take steps to remove those responsible for impeding the will of the people. If it is pleaded in extenuation that those in charge of any particular function of the state, such as finance, do not know how to produce the results desired, then it is the business of parliament to provide them with all the advice available. But if they will neither take action within a

reasonable period of time and will not accept advice if provided, then it is the business of the representatives of the people to remove them, whether they are alleged to be operating under a system of private enterprise or as public departments.

In the fewest possible words Major Douglas contends that the chief duty of a member of parliament consists in seeing that the people get the results which they want from the management of their affairs, and not in suggesting the methods by which those results can be obtained.

In another part of his Buxton speech, Major Douglas makes the following comment upon the situation into which parliament has drifted as a consequence of concerning itself about methods instead of results:

> We elect parliamentary representatives at the present time to pass laws of a highly technical nature, not to ensure that certain results are achieved. As a result of this, not merely in this country but everywhere in the world, as far as my observation takes me, we are witnessing a set of second-rate experts in the seats of government ineffectively endeavouring to give technical direction to a set of first-rate experts who are actually carrying on the functions by which society lives.

I agree whole-heartedly with these statements and I suggest it is imperative that Canadians take steps immediately to rehabilitate democracy in Canada in accordance with the principles suggested by Major Douglas. It is not the duty of members of parliament to pose as experts on methods. It is quite in order for a member of parliament to be an expert on methods, but it is not his function as a representative of the people. It is his business to see that the people get the results which they want. And if he is not an expert himself, it is his duty to see that experts are hired to devise methods by which results can be obtained.

Therefore, on behalf of the electors of Jasper-Edson, whose spokesman I am privileged to be, I demand that the government, and in particular the Minister of Finance (Mr. Abbott) see that methods are devised which will permit the electors of Jasper-Edson, along with the rest of the people of Canada, to produce to the limit of their desire to consume, and which will permit them to buy to the extent of that production, without in any way interfering with their individual and personal freedom.

If the experts at present employed are either unable or unwilling to produce the results desired within a reasonable period of time, then the government should dismiss them and replace them with individuals who can and will produce results. I quite realize, however, that the voice of one member of parliament, or of even a dozen, is not sufficient to compel the government to take action along these lines. Were a majority of members from both sides of the house to do so, I am satisfied that it would not be long before such results would be forthcoming. The reasons that a majority of members in this house will not rise and make such demands of the government are twofold: party politics and lack of organization on the part of the people, such that they can insist upon obedience to their will. The political party system makes it very difficult for the people to exercise their democratic privileges and assume their personal responsibilities, even if they are so inclined. The political party system cannot properly serve democracy. Once every four or five years, the people are given an opportunity to vote simultaneously for a candidate and a party platform. The people as a whole have no voice in deciding the contents of these platforms. They are prepared by a small minority group with an eye to vote-catching. Often the platform deals for the most part with methods, concerning which neither the drafters of the platform nor the general public are qualified to form a wise judgment. Nothing could be more confusing. Elections find the voter wondering whether to vote for a candidate, a platform or a political party.

Mr. SMITH (Calgary West): How did you get elected?

Mr. KUHL: I grant that I was elected on a political party basis, but I am trying to indicate in what way it can be improved.

During the election campaign, each party viciously attacks the platforms and the candidates of the other parties. The people being unorganized become the victims of high-pressure propaganda in which extravagant promises, abuse, deceit and even intimidation are used to trick them into voting power-seekers into office.

Mr. SMITH (Calgary West): I spoke against you in your constituency and we lost our deposit, but I think you will agree with me that I never said one word in criticism of you. Will you not admit that?

Mr. KUHL: I appreciate that very much. That was mutual.

Mr. HANSELL: It would not have made much difference anyway.

Mr. KUHL: After the election, the successful candidates cannot be controlled by the electorate. They vote themselves their own indemnities and submit to the dictates of a few party "bosses" who are the party organization between elections. The policies which

have been implemented under party government are certainly not in accordance with the will of the people.

Political parties need a considerable amount of money to maintain their organizations and their propaganda. Those who provide the party funds expect favours for their support. Having paid the piper, they can compel the party "bosses" to play any tune they desire. The results are exactly what may be expected under the circumstances. The history of political parties has been an unsavory record of graft, patronage, and political corruption.

Mr. SMITH (Calgary West): You are not talking about Alberta now, are you?

Mr. KUHL: I grant that so long as there are political parties, no matter what name they assume, they are subject to the same abuses, although we hope that we have a cleaner record in our party than has been the case with some of the older parties.

Political parties divide the people into conflicting camps—each striving to win their support to vote them into office and each attempting to discredit the other parties. Under such a system no representative, however sincere, can possibly serve the interests of the people effectively. The party system makes this impossible. "Every kingdom divided against itself is brought to desolation", and if one may judge by the results of the political party system in every country, it has all but succeeded in achieving this. There is no reason or need for the people of Canada to be divided into a number of conflicting political camps, because all people want substantially the same results from the management of their affairs.

All people want and must have adequate food, clothing and shelter, even though their individual tastes in this respect may vary considerably.

All people want security in old age or when they suffer loss of income through illness, unemployment or other causes

All people want the personal and individual freedom to worship God according to the dictates of conscience; to choose or refuse to do whatever they wish, provided that in so doing they do not interfere with the same right of every other individual; to acquire by their honest efforts their fair share of the desirable things of life, such as education, property, luxuries and so forth.

The only difference of opinion which exists is regarding the methods by which these results can be obtained. However the people, as the supreme authority, should not be concerned with methods.

The concern which the people should have is for an organization through which they can secure obedience to their will. Workers in industry, farmers and others, have found it necessary to organize as unions in order to gain the objective they want. Because the principle underlying trade union movements is right, they have had a measure of success in securing better working conditions and wages. Political and economic systems can be made to function in the best interests of the people, if they will organize for that purpose, just as trade unions organize for a more limited purpose.

It is gratifying to me to observe that such an organization has already commenced in Canada and that it is growing daily. The movement and the organization to which I refer is the Union of Electors. This movement is something new in the political life of Canada, but it is already far beyond the stage of infancy. Its greatest strength is at the moment in the province of Quebec, which is evident from the attention which the hon. members from the province of Quebec are paying to the hon. member for Pontiac (Mr. Caouette), who was elected to this parliament, not as a member of a political party, but because of the assurance which he gave the electors of Pontiac that he would at all times demand the results which they desired.

The Union of Electors is not a political party. It is a union of the voters who are organized to get the results desired in common by all the people, irrespective of race, religion or party affiliation.

The objectives of the Union of Electors are:

1. To state the results wanted from the management of the affairs of the country in all spheres affecting the lives of the people.

2. To control the elected representatives of the people at all times, and through them, all the people's governing bodies, local, provincial and national.

3. To insist on and enforce obedience to the will of the people on all matters of policy.

It is only through such an organization of the electors that Canada or any other country can experience government in accordance with the will of the people. I am indeed glad, therefore, to see such an organization of the people developing in Canada, and I intend to do everything I can to encourage it and assist it until it encompasses the majority of Canadians from Vancouver to Halifax.

In my remarks thus far, Mr. Speaker, I have indicated some of the circumstances which I think must prevail in our society before it can be characterized as a genuine democracy. I have suggested that the duty of members of parliament in a democracy

proper should be confined to securing results rather than devising and debating methods. I realize, however, that we shall not alter our course without a period of transition. Until the people are organized to demand otherwise, parliament will continue to discuss methods rather than results. Before concluding, therefore, I intend to contravene the principles which I have just enunciated, by making a few remarks concerning methods.

Judged from the point of view of orthodox budgets, this budget is no doubt as good a budget as any orthodox economist could draw up. My general criticism is that an orthodox budget does not reveal the true facts about the national economy. In a substantial measure, this budget falsifies and conceals the real economic facts and conditions of this country. I deplore this situation and, on behalf of the people who sent me here, I protest against it.

I say that this budget falsifies and conceals the real economic condition of the nation because it deals only with money which the government extracts from the taxpayers and indicates no relationship between the money in the hands of the people and the goods and services which they are expected to buy.

The question at the root of the whole situation is one of the monetization of real wealth. In the highly industrialized and power-mechanized system of production of today, a barter system of exchange is obviously impossible. The only means whereby the people can draw from the pool of national production is through the monetization of that pool of production. Money must be created and must be put into circulation before goods can be either produced or distributed. In a modern economy this is done largely through loans to industry created and lent by the chartered banks. The orthodox economist assumes that this means is sufficient to enable the people to buy back their production. He believes that the total money in the hands of the people is always equal to the total of the prices of goods which they are expected to buy. He believes that production and income are one and the same thing. Because he believes this, he concludes that if part of the national production is to be diverted to public services of various kinds, the only method of doing so is to take from the people in taxes an amount of money sufficient to divert to public service whatever part of the national production is required. Such a conclusion would be sound if the premise upon which it is based were sound. I contend, sir, that the premise is most unsound, and therefore any conclusion based upon it must also be unsound.

In normal times when there is not an abnormal expansion of capital goods, as during a war, and immediately following a war. income does not keep pace with production. Money income is always less than the price value of production. This premise is not conceded by orthodox economists, but it is nevertheless borne out by the facts of industry. Because money income is never equal to national production in normal times, I say it is unnecessary and unsound for a government, with control over the nation's money, to go into debt or to levy taxes in order to divert part of the national production to public services.

In normal times a country suffers from a lack of purchasing power as compared with its producing power. There is an actual physical shortage of money in the hands of all the people collectively as compared with the total prices of goods. An increasing proportion of our national production remains unmonetized. This unmonetized portion of national production has been partly monetized in the past by government borrowings of newly created bank money which is paid out for public works, bonuses, subsidies and for other governmental purposes. This does not balance the economy, however, for this money is charged to the national debt to be collected through taxes. But it is mathematically impossible for the people to buy the total of national production and pay these taxes as well. The most popular misconception as to why the poor are poor is that the rich are rich. Many imagine that their incomes are low because the incomes of others are too high. The implied remedy is, therefore, to tax the rich. I am not suggesting that the rich ought not to be taxed, but I do assert that it is impossible to distribute the whole of national production by taxing the money from the rich and giving it to the poor.

Mr. HANSELL: That is the socialist idea.

Mr. KUHL: Orthodox economists, including the Minister of Finance (Mr. Abbott) do not say that the poor are poor because the rich are rich, but the government's financial policy implies that such is their belief. In the debate upon the subsidy question, the Minister of Labour (Mr. Mitchell) asserted that all subsidies have come out of taxation and must necessarily do so. Such a statement certainly leaves the implication that the only method of helping the poorer is to tax the richer. I take issue with the Minister of Labour when he says that subsidies have come out of taxation.

Mr. MITCHELL: Where do they come from; out of the sky?

Mr. KUHL: I am going to tell the minister presently if he will maintain his patience.

Mr. HANSELL: He would not have made that remark if he had known.

Mr. KUHL: Up until the present budget the government has incurred huge deficits which have been met by government borrowings of newly created bank money. This freshly created bank money which was borrowed by the government was used to meet governmental expenditures including the payment of subsidies. It is true that these borrowings are charged to the national debt and are collectible through taxation, but the fact of the matter is that the debt is never collected; it is merely refunded, the principal remaining and the interest compounding.

It is therefore incorrect to say that subsidies have come out of taxation. They have come out of newly created bank money, which is borrowed by the government, but which is never collected in taxation.

Mr. MITCHELL: Will the hon. member permit a question? Will he say the taxes he paid last year were in the same category, that they did not come out of himself?

Mr. KUHL: No; I grant that part of the money which the government uses is derived from the people in taxes, but also much of the money which the government uses to pay subsidies and meet other expenses is freshly created bank money borrowed by the government and charged up to debt which is not collected from taxes.

Mr. MITCHELL: Backed by production.

Mr. KUHL: In other words, part of the national production which could not be, and was not monetized through the usual routine of business, was monetized by the government through the use of debt money. I contend, sir, that if any part of the national production must be monetized by the government in order that the people as a whole can avail themselves of the total production of the nation, then that monetization must be brought about free of debt and free of taxation. This I consider to be one of the most important and most sacred duties of any modern government.

When the state, through its appropriate financial agency, issues debt-free, tax-free money in payment for public services, bonuses, subsidies, et cetera, it is not playing Santa Claus, and neither is the public getting something for nothing. When the government creates and pays out money in this manner, it is merely acting as the agent of all the people in monetizing goods which already exist, which have been produced by the people and therefore belongs to them, but which they cannot acquire until such goods are represented by money.

Socialists contend that the state cannot distribute goods which it does not own. The fact that this is being done every day through family allowances, old age pensions and in many other ways, proves the fallacy of such a contention. When the government augments the regular incomes of the people with money sufficient to raise total income to where it is equal to total production, consumers can buy all goods offered for sale whether they are privately produced or publicly.

Had governments monetized the unmonetized portion of national production with debt-free and tax-free money in the past, there would be no national debt today and there would be no interest charges to be paid in the form of taxes. The national debt is a national lie. Canadians have always paid their way physically in anything they have ever done, whether it was the promotion of peacetime enterprise or the waging of war. The only costs in doing anything are physical costs, that is, human energy and physical materials. Canadians, collectively, have always met all physical costs. Then how can it be logically argued that a national debt is unavoidable?

The only reason that there is a national debt is that governments have not been faithful to their sacred trust. The highest and most sacred prerogative which the crown can enjoy is the exclusive monopoly of the creation and issue, in the original instance, of all the money of the nation. Successive governments in Canada have, by degrees, surrendered this most sacred prerogative into the hands of private persons.

As a consequence of this most dastardly betrayal, the whole nation is now in bondage to the mere handful of individuals who exercise this prerogative. Instead of these private persons proceeding to the crown for the use of sums of money, the government now goes cap in hand to these private purveyors of financial credit, and mortgages the entire nation to them.

This nefarious practice has now reached such proportions that the interest charges alone on the national debt are almost equivalent to the total governmental pre-war expenditure, and the end is nowhere in sight under the present financial policy.

I say, sir, that those who have been and who continue to be responsible for these reprehensible circumstances should be regarded as arch-criminals, who should be tried for their crimes and punished accordingly.

In an earlier debate in this house, one of the C.C.F. members, the hon. member for Cape Breton South (Mr. Gillis) in disparaging tones suggested that the Social Credit members do not believe in anything except just printing a lot of money. Such a statement carries with it the implication that money in a modern economy is of very little consequence, and that very little attention need be paid to the manner in which it is created and put into circulation. Such a statement merely indicates how badly the hon. member for Cape Breton South and those who think as he does, are misinformed on the subject of money.

I readily grant that the things which make up a standard of living are the goods and services which the people are capable of producing and desirous of consuming, but the point which the hon. member for Cape Breton South seems to overlook is that the production and distribution of goods and services in a modern economy are absolutely impossible without the use of money. The starting point of every economic activity today is money. No matter how great the natural resources of the country may be, and no matter how willing and able the people may be to develop those resources, not a wheel in industry turns until money is first put into circulation.

Money is the mainspring in a modern economy, and without it the economy stops dead. Money is the master-key to the whole economic question. Hence those who enjoy the privilege of creating and issuing the money of the nation hold the power of life and death over the people of the nation by virtue of that privilege. Is it any wonder that one of the oldest bankers, Baron Rothschild, at one time said, "Permit me to create the money of a nation and I care not who makes its laws"?

The private bankers today are the sole arbiters in Canada as to how much money goes into circulation, as to where it goes into circulation and as to the terms under which it goes into circulation. This places governments and the people entirely at the mercy of the private bankers of this country. It is positively idle, therefore, to suggest that money is of very little consequence in a modern economy.

What is the problem of the old age pensioners? It is purely a money problem. Those who ask for more generous pensions take it for granted, and rightly so, that goods and services are available in sufficient quantities to maintain them in decency and health. But all that they are lacking is money with which to acquire the goods and services which are available in abundance.

What is the problem of the blind and the otherwise incapacitated? It is nothing but a lack of money with which to buy the goods and services which are available in abundance. What is the problem of the farmers and other primary producers? It is nothing other than money which must be paid out in the form of subsidies and bonuses in order to guarantee them their proper proportion of the national income.

Almost every individual in the nation considers that his income is too low and that his taxes are too high. In other words, he is lacking in money. And so one could go through the entire economy and find that the problem in almost every case is a lack of money. It is taken for granted, and rightly so, that the goods and services are available, or will be before long, to support the higher incomes which are demanded.

However the only source of money which the government chooses to use to attempt to augment the incomes of the people is nothing but debt and taxation, both of which aggravate the situation instead of improving it.

The Progressive Conservative members deserve the criticism which they receive for advocating increased services and decreased expenditures in one and the same breath; for, were they in the seats of the present government, their source of money would also be nothing other than debt and taxation. They plead, of course, that they would eliminate extravagant expenditures; but, even were they to do so, the amount of money which would be secured by that means would be a mere bagatelle, as compared with what is required to bring about a balanced economy.

The C.C.F. members seem to suggest that they advocate sources of money other than taxation, but a close analysis of their statements indicates that their proposals for raising money for governmental purposes involve nothing other than taxation and are therefore no different from the proposals of the Liberals and the Progressive Conservatives.

The hon. member for Melfort (Mr. Wright), in the debate upon the subsidy question, stated that the money for subsidies under a C.C.F. administration would come out of increased production. Such a statement may seem to mean something else, but it cannot mean anything other than that the money would be derived from taxation, for, regardless of by how much production is increased, all other economic factors are increased proportionately. If national production is doubled, the deficiency between income and production is also doubled, and no scheme of taxation can ever bring about the complete distribution of national production. The C.C.F. proposals are therefore just as inef-

fective as are those of the two old parties; in fact, they are exactly the same kind of proposals.

Therefore, inasmuch as all our major national problems resolve themselves into the one problem of an insufficiency of money, I contend that the system of debt and taxation must be completely abolished except for the purpose of redistributing part of the national income, if such is deemed necessary, and for the purpose of withdrawing excess credits if such a situation should ever arise. All funds required by the government for the purpose of monetizing the unmonetized portion of national production must be provided by the government through its own financial agency, debt-free and tax-free.

The rectification of this one fundamental feature of our national economy is the key to the solution of all our problems. The nationalization or socialization of any part or of all of industry and finance, whether monopoly controlled or not, is as unnecessary as it is undesirable, to bring about a complete and equitable distribution of national production.

The people of Canada, on their individual initiative as responsible private enterprisers, are willing and able to produce all that they will ever desire to consume. So long as the government, as the agent of the people, sees to it that the entire production of the nation is monetized so that it can be distributed in its entirety, I am prepared to depend upon the people working privately upon their own initiative to raise the production of the country to any desirable level whatsoever.

With sufficient money in their hands at all times to buy their fair share of national production, economic security with individual and personal freedom becomes a reality for each and every Canadian.

In a world of confusion, the people of Canada have a better opportunity than those of any other country in the world to assert themselves as the supreme authority in the land and so establish a genuine democracy that will ensure a high standard of living with the freedom to enjoy it. Thus Canada may demonstrate to the world that the causes of economic disaster, aggression and war, which exist in the organization of society, may be removed by the people themselves. This is the challenge which faces the people of Canada today. They may apathetically drift along the course now leading us to disaster, or they may lead the world toward that genuine Christian democracy which will enable all nations to live at peace with one another.

Mr. C. T. RICHARD (Gloucester): Mr. Speaker, although the debate on the motion before the house has now been progressing for upwards of two weeks, yet from the other side of the house we have heard so little of a really constructive nature that I hesitate to take part in this debate, for there is hardly anything to refute—

Mr. SMITH (Calgary West): Don't let that bother you.

Mr. RICHARD (Gloucester): —particularly from your extreme left. As to the particulars of the budget, I intend to say very little. I should like, however, to be permitted to make a few remarks in a general way on the situation of the maritime provinces. I believe this situation is a subject which is quite relevant to the one we are discussing at the present time.

If no real criticism has come from the other side of the house or even from the press of the country I believe it is due to the fact that our opponents and our critics have been taken by surprise and that in the matter of concessions in taxation the budget disclosed much more than they anticipated. Indeed, prior to the presentation of the budget there was such a pressure brought upon this government and upon the Minister of Finance (Mr. Abbott) to wipe out all controls and to make sweeping reductions in taxation that, after hearing the Minister of Finance, we may say of him that he is bold when being cautious and even cautious when he is bold.

I share the opinion, however, with some other members of the house that perhaps the Minister of Finance could have shown a smaller surplus by extending certain services or else by reducing taxation along some lines. But we on this side of the house—knowing the Minister of Finance as we do, as a true Liberal—know that he has the interests of the people at heart and that, should an emergency arise, he will certainly make good use of that surplus.

I believe that we can say that this budget, although not the first one since the cessation of hostilities, may be called the first peacetime budget, for it has all the earmarks of peacetime economy. We have had several budgets since hostilities ceased, but there were such extraordinary expenditures to be made, such as those for bringing from overseas all our troops, rehabilitation, replacing those soldiers in their former positions, maintaining a large personnel and many other matters arising out of the war that it was necessary to maintain a high rate of taxation. This budget we find is quite commensurate to our needs and quite within our means.

We may, therefore, call it a peacetime budget, for we find alleviation in the matter of taxation and we find that we are again getting into our normal way of life. We are, therefore, charting our course to a permanent peacetime economy, which must be planned on a firm basis, which must be planned shrewdly, which must contain policies which, projected into the future, will ensure that, whatever happens outside our own boundaries, we shall not strike shoals which may be dangerous to our own domestic economy. We must adopt policies whereby every province and every section of the country will derive equal advantages. We fashion policies whereby no province will benefit at the expense of another and no one section will expand industrially while another section languishes. I believe that we have not followed that course in the past. I believe that we have adopted policies—both fiscal, tariff and otherwise—whereby industry has been centralized in just two provinces in this dominion, and naturally so has capital, to the great detriment of the other provinces, particularly our own maritime provinces.

I crave the indulgence of the house to be allowed to speak for a few moments about conditions in the maritimes along the lines which I have just mentioned. I know that hon. members, after hearing members from the maritimes, may think that we are provincial, and that we are forever bewailing our lot; but I want to remind hon. members that we feel we have grievances which are real; and until a solution of these problems is found, I say that we shall not have a true economy in this country.

You often hear it said that in the maritime provinces we discuss parting or separating from confederation. It may be true that perhaps at times we regret that we ever entered confederation; but I want to assure the house that it is my belief that at no time was public opinion ever crystallized to the point where any decision was arrived at to take that step. We cannot understand, however, how the rest of Canada cannot see that we have grievances, that we have not shared equally with the other provinces in the advantages accruing from confederation, and that no real effort has been made to see what caused that result and whether this down trend in our economic life cannot be stopped.

It is true that we have appointed commissions to study conditions in the maritimes, and I may mention two particularly: the Duncan royal commission, and the White commission. I might also mention the Rowell-Sirois commission which embraced conditions in the maritimes. I now wish to refer to these commissions for one particular purpose, and that is to show that those commissions came to the decision which I desire to point out here. I wish to read just one paragraph from the Duncan royal commission report to show how it proves our case. This quotation from the Duncan commission report is found at page 20 of the report of the White commission:

> We are far from saying that the dominion, within its sphere of control, has done all for the maritime provinces which it should have done.

It then goes on to quote how Canada, a vast country, had to look after new provinces and was preoccupied in other business, as it were, and how possibly the maritimes—the old provinces—were neglected. Then the conclusion of that paragraph is as follows:

> But reasonable balance is within accomplishment if there be periodic stocktaking.

That is the suggestion made by the Duncan commission.

In support of my claim that we did not derive all the benefits which should have accrued from confederation to the maritime provinces, I read from the White commission report at page 20:

> We are in accord with the claim of the maritime provinces and with the finding of the Duncan commission that these provinces have not shared proportionately with the other provinces of Canada in the economic advantages accruing to the dominion as a whole from confederation and in our recommendations have taken it into account as one of the most impressive elements in their case for more favourable financial arrangements.

The recommendations of those two commissions were carried into effect in so far as financial arrangements are concerned. Increased subsidies were granted. Freight rates were cut down. But I submit that these were only palliatives which never did settle firmly and finally the problems of the maritimes, and it was never the intention to settle them by these recommendations.

There are those who contend that the situation in the maritimes would have arisen notwithstanding confederation, and that these conditions were bound to come. I do not quite share this opinion. I believe that our situation today is due to confederation, to the relinquishment of the rights which we then possessed and the granting to the central power of responsibility for policies, the exercise of which brought about the conditions in the maritimes today. It is not pleasant perhaps to go back to conditions existing several generations ago. However, probably it is necessary to do so in order to ascertain what caused the economic situation that exists in

the maritimes today. Sometimes these things are not brought about by one event but by a chain of events which culminate in a situation which has not been foreseen.

Let me take you back, sir, to the days of confederation. We in the maritimes were prosperous; we were the most prosperous section of British North America. We were masters of our own customs and excise; we held the gateways through which would flow our foreign trade both export and import. We knew the progress that had been made in the country to the south, how they had developed their ports on the Atlantic seaboard. We could visualize, therefore, that our own future would be patterned along the same line and that we would reach the same prosperous condition they enjoyed. When we entered confederation, therefore, we knew we were jeopardizing a great deal. So it is not surprising that when confederation was first discussed in the maritimes the leaders of industry at that time did not entirely agree with it, because they knew just what it would mean to jeopardize the advantages we then possessed. However, confederation was put forward for the purpose of uniting the provinces into an economic unit, as well as for military purposes. That induced the leaders of the maritimes to enter into the pact, for it became quite evident that the provinces needed an outlet to the sea; that some day they might be attacked, and the St. Lawrence route alone was not sufficient to ensure their defence.

Therefore we went into confederation. When we compare our position at the time of confederation with our position today; when we view the progress that has been made in the country to the south, the development of their great ports of Boston, New York, Philadelphia and Portland; when we realize that we have the same geographical position and the same energetic people, with only an imaginary line separating us—when we consider all these things we wonder why, from an economic point of view, we have remained at a standstill and progress has passed us by.

I have shown that no personal motives induced us to enter confederation. The sole aim of the maritimers was to build a strong nation, and I may say the attitude of the maritimers has not changed one iota since that time. We have supported every move and every expenditure that have been made to develop this into a great country. We contributed to the development of the west, even though hon. members from that part of the country may not see it in that way. We assisted in a costly immigration policy from 1900 on, though we could see we had not the advantages possessed by the west and that, therefore, we would derive very little benefit from such a policy. Our railways having been built practically at the expense of the public treasury, we contributed our share to the construction of the railway systems of this dominion. We encouraged the development of the inland water route by the construction of canals between our lakes and by the deepening of the St. Lawrence river in order to make Montreal one of the greatest ports in the world, even though we knew it was to our own detriment. In every way the provinces aimed first to make of this a great country, notwithstanding the fact that sometimes it might have been detrimental to the best interests of the maritimes themselves.

Need I cite any more examples to show our unselfishness in the history of our country since confederation? May I point out again that when the subject of a rapprochement between the provinces and Ottawa was discussed, the maritimes were the first to come forward and offer their cooperation; and here today we are relinquishing certain rights to the dominion government, though again this is to our detriment, because these money grants, being based on population, will not bring the same benefit to us since our population will not increase in the same ratio as that of the other provinces. Again we have worked against our own interests and for the benefit of Canada, to make it a great country. I am sorry that up to the present these conferences have not been successful. The whole problem as I have seen it—because as a member of the New Brunswick government prior to the last war I attended two of these conferences—is the suspicion and distrust the provinces feel for the central authorities in Ottawa; and until that distrust is banished from their minds there will not be a successful conclusion to these conferences.

I would not speak about these maritime matters at such length if the other evening the hon. member for Davenport (Mr. MacNicol) had not made certain suggestions to improve our economic conditions. I wish to thank him for what he said and for the support he has given us, and if I answer him I want to assure the hon. gentleman that I do so in a friendly way. He told us that to improve the economic position of the maritimes it would be necessary to develop Grand Falls to the full extent. I want to tell him that prior to 1925 the Liberal government of New Brunswick had all plans prepared for that development, but the Conservative party came into power and turned everything over to the International Paper Company. From

that day forward the province of New Brunswick lost control of Grand Falls. Then he also advocated construction of the Chignecto canal. I want to say that we approve the stand he has taken, that everyone from the maritimes stands behind this project. I believe it would bring to the maritime provinces the New England markets, which are the natural markets for the maritimes since they are closer to our shores. We cannot expect the upper provinces to be the sole markets for our exportable surplus in sea, forest or farm products. In my estimation the New England states are our natural markets, as they were before confederation.

A moment ago, Mr. Speaker, I told you how Grand Falls was lost to the province of New Brunswick by being turned over lock, stock and barrel to the International Paper Company, that octopus in the power and paper field. That was one occasion when we were sold down the river, but I will tell you of another. In 1911, when the question of the approval of the trade treaty between the United States and Canada came before the Canadian people, by flag waving and the slogan, "No truck nor trade with the Yankees", we were hoodwinked into refusing that approval, something we have regretted ever since. That was another occasion when we were sold down the river.

Mr. ISNOR: By whom?

Mr. RICHARD (Gloucester): By the Conservative party that come into power, controlled by the industralists of central Canada who made us believe that they had a ready market for all we could produce, but who today too often consider us as their poor cousins.

Since my time is limited, I should now to say a few words about something which is peculiar to the maritime provinces, and which means a great deal to them. I refer to the fishing industry. Only a few days ago I came across some figures which showed that the production of sea products from the maritime provinces has been valued at $31 million, and this figure does not include the processed value, which is considerable.

This administration has done wonderful things for the fisheries. It is the first administration which has ever really helped the fishermen by giving them assistance in the construction of their boats, in the establishing of processing plants and freezing plants, and in the securing of new markets. Today in the person of the Minister of Fisheries (Mr. Bridges) we have a man who does not waste his time or the time of the house in saying what he proposes to do, but rather goes ahead and does things. I am sure every member from the maritime provinces will stand back of him in that. However the fishermen in the maritimes need better facilities.

Before concluding, let me say that I blame no political party, and no particular regime for our situation. Sometimes I admit that we are partly to blame ourselves. Our whole economic future depends upon the establishment and the promulgation of certain policies by the central government, and by the financial institutions over which we have no control, except indirectly.

We of the maritimes do not ask for any special privileges or hand-outs; rather, we wish to share in the progress of the country. We are convinced that Canada cannot be a great nation if one section of it is economically weak. The strength of confederation may be likened to a chain which is as strong as its weakest link. We therefore urge our administration and our financial institutions, all those who are interested in making this a great nation, to study our problems. We ask every maritimer—because there are some to be found from coast to coast—to become good will ambassadors on our behalf, and to preach what we have been attempting to show the country. When I say that there are maritimers from coast to coast I mean that, because of economic conditions, they have been forced to leave our provinces and have established themselves successfully in all parts of Canada. At one time, indeed if not today, the heads of four of the biggest banking institutions of Canada were maritimers.

Maritimers are maritimers always. They cannot forget the land of their birth, that land whose beauty in its rivers, its lakes, its mountains and its seashore is unexcelled anywhere. But those maritimers are also Canadians at heart. While they may be maritimers by attachment, they are Canadians first and always. Perhaps their feelings are best expressed in the words of that maritime poet who said:

> Friends I have found in far and alien places;
> Beauty and ardour in unfamiliar faces.
> But deep in my heart is the land I call home,
> Canadian am I in blood and bone.

On motion of Mr. Case the debate was adjourned.

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

Wednesday, May 21, 1947

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NATIONAL HOUSING ACT

Mr. NICHOLSON:

1. Since the National Housing Act was passed, with how many approved renting institutions has the Central Mortgage and Housing Corporation entered into contracts with a view to constructing rental housing projects?

2. How many units have been completed?

3. What are the monthly rentals for such units?

4. How many institutional housing corporations have been established by life insurance companies in Canada?

5. How many housing projects have been commenced by such holding companies?

6. How many units have been completed?

7. At what monthly rents are they available?

8. How many loans have been approved under part 3 of the National Housing Act, according to provinces?

9. How many rural housing units have been completed, according to provinces?

10. What was the average amount of the loans in each case?

Mr. McILRAITH:

1. No contracts have been entered into with lending institutions with a view to constructing rental housing projects. However, the corporation has approved the acquisition of land by one lending institution in Winnipeg and by two lending institutions jointly in Montreal on the understanding that rental housing projects will be erected on the land. Details of the projects have not been submitted nor approved, nor have any guarantees been made to the lending institutions concerned with respect to return on their investment.

The corporation has also approved the investment of one lending institution in Toronto in acquiring land and erecting a six unit rental project. However, in this case the corporation has given no guarantee to the lending institution concerned with respect to return on the investment.

Approval of these investments has been given in accordance with section II (subsection 9) of the National Housing Act, 1944.

2. None.

3. Answered by No. 2.

4. 32, by Housing Enterprises of Canada Limited, the single institutional holding company formed by all life insurance companies operating in Canada.

5. 32, to April 30, 1947.

6. 643, to April 30, 1947.

7. Maximum monthly rentals for the projects, as fixed by the wartime prices and trade board, vary according to the type of housing accommodation supplied, e.g.: single houses, row housing, and multiple dwelling units, and by the number of bedrooms, etc., per unit. Rentals range from $40 to $85 per month.

8. Part III of the National Housing Act 1944 has not yet been proclaimed. Consequently no loans under it have been approved.

9 and 10. Answered by No. 8.

INCOME TAX—ARRANGEMENTS WITH PROVINCES

Mr. BLACK (Yukon):

1. During what years has the government of Canada collected income taxes for the provinces of Canada and is it still collecting them?

2. Has the government of Canada granted to the provinces during those years amounts in lieu of such taxes?

3. Has the same treatment been accorded the provinces and Yukon territory with respect to the suspension of those grants?

4. If so, did the government of Canada suspend such grants to the provinces in proportion to their profits on the sale of liquor?

Mr. ABBOTT:

1 and 2. It is assumed that these questions relate to the suspension by provincial governments of the collection of income and corporation taxes pursuant to the Dominion-Provincial Taxation Agreement Act, 1942. These taxes were suspended in the years 1941 to 1946 inclusive and in lieu therefor the government of Canada made certain stipulated annual payments to the provinces.

3. The corresponding action taken in the case of the Yukon territory was outlined in parliamentary return No. 128.

4. No.

NATIONAL FILM BOARD—"CANADA CARRIES ON"

Mr. FRASER:

1. What was the total cost of production for the films "Canada Carries On" put on by the National Film Board for the years (a) 1945; (b) 1946?

2. How many different subjects were produced?

3. What was the total revenue raised from all sources for the use of these films for the years (a) 1945; (b) 1946?

Mr. McCANN:

1. (a) $98,174.57; (b) $128,981.63.

2. 1945, 11; 1946, 12.

3. (a) 1945—$2,638.36—after costs of prints and promotion; (b) 1946—$2,901.63—after costs of prints and promotion. (These figures refer only to revenue received from theatres

and do not include sales of prints of the films made to Canadian and foreign purchasers as these figures are not deemed to be revenue.)

RADIO BROADCASTING—TIME MADE AVAILABLE TO POLITICAL PARTIES

Mr. FULTON:

1. What is the total amount of time made available without charge by the C.B.C. to national political parties on the national and French networks in a full year on the basis of the arrangement now in effect in that regard?

2. What is the value of this time in terms of money?

3. Is any charge for this time collected from the private stations who carry these broadcasts? If so, give details of rates and total amount collected?

4. In the alternative, are the private stations required to carry these programmes without recompense? If so, how much time is so taken from the private stations in a full year and what is the arrangement in this respect?

Mr. McCANN:

1. (a) Trans-Canada network 12½ hours; (b) French network 12½ hours.

2. If this time were sold for a commercial programme the charges would amount to $54,328.

3. No.

4. These broadcasts are scheduled in time reserved for C.B.C. programmes under the arrangement with basic affiliated private stations.

INCOME TAX—COMMISSIONER AT REGINA

Mr. PROBE:

1. Is there at present an income tax commissioner for Regina division?

2. If so, who is he and when was he appointed to this post?

3. If not, how long has this post been vacant and who is acting in this capacity pending appointment being filled?

4. Have representations to fill the vacancy been received from public groups or citizens, and what action has been taken?

Mr. McCANN:

1. Yes.

2. Mr. W. H. Bailey, C.A., appointed May 12, 1947.

3. Answered by No. 2.

4. No.

WAR ASSETS—SCRAP METAL

Mr. DANIEL:

1. How much copper and brass, and alloys thereof, has been sold as scrap metal, by War Assets Corporation since the end of the war to date?

2. What types of scrap were sold, and what was the quantity and price received for each classification?

[Mr. McCann.]

3. Who purchased this scrap and what was the price paid by each purchaser, and what amount did each buy?

4. What export permits were issued for scrap sold to dealers for brass and copper?

5. Who received these permits?

6. What amount of scrap was covered by each permit?

Mr. HOWE: It is not the policy to answer questions of this kind. The answer could be of value only to those having the material mentioned for sale, and the purpose would be to get the prices to know what his competitors are bidding; therefore I would ask that the question be dropped.

Question dropped.

RADIO BROADCASTING—"POPULAR PLAYHOUSE"

Mr. FRASER:

1. Does the C.B.C. broadcast the play "Popular Playhouse?" If so, on what day and what hour is this broadcast and over what stations?

2. If broadcast by C.B.C. what is the total cost of each broadcast including leased wires, editing, and all other expenses incidental to this programme?

3. Over what stations is this play broadcast?

Mr. McCANN:

1. This programme was terminated on April 24, 1947.

2. See No. 1.

3. See No. 1.

MARKETING OF SOWS WITH PIG

Mr. ROSS (Souris):

How many sows with pig have been marketed in the various provinces of Canada by months, since January 1, 1947, to date?

Mr. GARDINER: No information.

NATIONAL HOUSING ACT

Mr. NICHOLSON:

1. How much has been spent by the federal government under part 5 of the National Housing Act during the past year for (a) investigating housing conditions and the adequacy of housing accommodation in Canada; (b) investigating the factors affecting the cost of construction and the measures which may be taken to secure economies and increase efficiency; (c) encouraging production of plans and designs to stimulate low-cost production; (d) studies made of land utilization and community planning?

2. What universities or provinces have received grants provided by section 26, part 5 of the National Housing Act?

3. How much of the $5,000,000 to be appropriated from the consolidated revenue fund for carrying out the provisions of part 5 of the National Housing Act were spent as of March 31, 1947?

Mr. McILRAITH:

1. During the fiscal year 1946-7:—

(a) $40,065.

(b) $12,500 approximately.
(c) $5,989.
(d) $69,662.

2. Grants under part V, section 26 of the National Housing Act, 1944, have been made to the university of Toronto and Laval university. No grants have been made to provinces under this section.

3. $266,317.14.

OIL COMPANIES—GRANTS FOR STORAGE FACILITIES ASSISTANCE IN MANUFACTURE OF BURNERS

Mrs. STRUM:

1. What amount of money, if any, has been granted by the government to oil companies, to assist in supplying storage facilities?

2. What amount of money, if any, has been granted by the government to assist manufacturers of oil burners?

Mr. McILRAITH:

1. None in so far as this department is concerned.

2. None in so far as this department is concerned.

FORD MOTOR COMPANY—ADVANCES FOR EXTENSION AND NEW BUILDINGS

Mr. ROSS (St. Paul's):

1. Did the government of Canada, from 1939 to date, advance money to the Ford Motor Car Company of Canada Limited (a) for the extension of buildings; (b) for new buildings?

2. If so, how much for (a) extensions; (b) new buildings?

3. Has the government of Canada sold to the Ford Motor Car Company of Canada Limited (a) the extensions; (b) the new buildings?

4. If so, how much did the government of Canada receive for (a) the extensions; (b) the new buildings?

Mr. McILRAITH:

1. (a) No.
(b) Yes.

2. (a) Answered by 1(a).

(b) $94,617.06 was advanced to Ford Motor Company of Canada Limited for the construction of a building on lands at Ojibway, Ontario, owned by Canadian Steel Corporation Limited and leased by the crown.

3. (a) and (b). No.

4. (a) and (b). Answered by 3.

QUESTION PASSED AS ORDER FOR RETURN

PRAIRIE FARM ASSISTANCE—WOOD MOUNTAIN

Mr. ARGUE:

What were the salaries and expenses paid to all the Prairie Farm Assistance Act inspectors who were working in the electoral district of Wood Mountain during 1946?

POSTAL SERVICE

REQUEST FOR AIR MAIL SERVICE BETWEEN WINNIPEG AND FLIN FLON

Hon. ERNEST BERTRAND (Postmaster General): Yesterday the hon. member for Dauphin (Mr. Zaplitny) asked me a question as to the projected air service between Winnipeg and Flin Flon for the carriage of air mail. Inquiry is being made to determine the degree of postal advantage and to ascertain the cost of such a service.

MOTIONS FOR PAPERS

CORRESPONDENCE WITH FRED ROSE

Mr. BENTLEY:

For a copy of all correspondence exchanged between Fred Rose and the Department of Justice and/or the Minister of Justice since October 31, 1946.

IMMIGRATION—REQUESTS FROM COMPANIES, ETC., TO SEEK WORKERS ABROAD

Mr. CASTLEDEN:

For a copy of all orders in council, correspondence, telegrams and other documents in the possession of the Department of Mines and Resources and the Department of Labour, relating to the entry into Canada of any persons, arising out of any application or request from any company, corporation, organization or industry, as from June 30, 1946, to date.

CIVIL SERVICE ACT

AMENDMENTS RESPECTING VETERANS' PREFERENCE, INCREASED SALARIES FOR COMMISSIONERS, ETC.

Hon. COLIN GIBSON (Secretary of State) 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 Civil Service Act to provide, inter alia, a statutory basis within the act for veterans' preference in appointments to the civil service; to provide for payment of increased salaries to the chairman and members of the civil service commission; payment of annual increases in rates of compensation to temporary employees; and for the establishment of certain temporary positions, appointments thereto, and remuneration thereof.

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.

BUSINESS OF THE HOUSE

LEGISLATIVE PROGRAMME—PUBLIC BILLS AND ORDERS—WEDNESDAY EVENING SITTINGS

On the order:

Government notices of motions—The Prime Minister—That on and after Tuesday, the 27th of May, 1947, the provisions of standing order 15 be suspended in relation to the procedure and order of business from 8 to 9 o'clock p.m. on Tuesdays and Fridays until the end of the present session; and that on Wednesday the 28th day of May, 1947, and all subsequent Wednesdays to the end of the present session the sittings shall in every respect be under the same rules as provided for other days.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, before this motion is made, may I have the permission of the house and of Your Honour to make a statement respecting the business of the house.

My hon. friend the leader of the opposition (Mr. Bracken) asked on Monday if I would give the house a statement on legislation remaining to be introduced. I said I would do so on Thursday. On reflection it seemed to me to be preferable to give the statement today, in the light of the resolution which is now before us on the order paper. I believe, if the house has before it a statement of the business which remains to be disposed of, hon. members will be inclined to take a more favourable view of the resolution about to be proposed.

The legislation still to be considered by the house falls into two main divisions. The first division includes measures of which notice has already been given and which will be found in today's order paper under

1. Introduction of bills;
2. Government notices of motion;
3. Government orders; and
4. In *Votes and Proceedings* of yesterday (Tuesday, May 20, 1947).

The second division includes measures of which no notice has been given up to the present, but which I shall presently seek to outline.

First a word about the measures of which notice has been given.

Under "introduction of bills" there appears notice of an act to amend the Canadian National-Canadian Pacific Act, 1933. That measure has not as yet been introduced.

Under "government notices of motion" there are the following resolutions respecting:

A bill to amend the Civil Service Act.

A bill respecting industrial relations and investigation of industrial disputes.

[Mr. C. Gibson.]

The latter bill is a most important measure. It contains in all over seventy sections.

Under "government orders", the following measures appear among those already introduced. I am enumerating them because I wish the house to get a picture of the whole.

First and foremost, I would mention the resolution respecting the measure to amend the Old Age Pensions Act. In addition, there are:

An act to amend the Publication of Statutes Act;

An act respecting article 41 of the charter of the united nations;

An act to amend the Canadian Commercial Corporation Act;

A resolution respecting pensions or other superannuation benefits for senior appointees of the Department of External Affairs serving outside of Canada;

An act to vary the Saskatchewan natural resources agreement;

An act to amend the National Housing Act, 1944;

An act to amend the Penitentiary Act, 1939;

An act respecting the Beauharnois Light, Heat and Power Company;

A resolution respecting a bill to amend the Exchequer Court Act;

An act to amend the Merchant Seamen Compensation Act;

A resolution respecting a bill to amend the Railway Act;

A resolution respecting a bill to amend the Fisheries Research Board Act;

An act to amend the War Charities Act, 1939;

An act to incorporate the Port Alberni harbour commissioners.

In *Votes and Proceedings* of Tuesday, May 20, 1947, will be found notice of a resolution in the name of the Minister of Justice respecting a measure to amend the Judges Act, 1946; one, in the name of the Minister of Agriculture, respecting a bill to amend the Prairie Farm Assistance Act, 1939; and a measure in the name of the Secretary of State for External Affairs, to provide for the accession of Canada to the convention on the privileges and immunities of the united nations.

May I now reply specifically to the request made on Monday by the leader of the opposition for a statement of government legislation which remains to be introduced. All that I have mentioned so far has already appeared, or some notice of it has been given, in one or other of the publications of the house, but the following measures have still to be introduced —and may I say that most of them are prac-

tically ready now. There may be one or two that will be delayed before they are introduced, but I expect to see them on the order paper shortly.

First and foremost, there are the bills which arise out of the budget resolutions. They include:

A bill to amend the Excise Act.

A bill to amend the Income War Tax Act.

A bill to amend the Special War Revenue Act.

I understand that the number of these bills is about twelve in all. There are the following additional measures to be introduced by the Minister of Finance:

A bill to authorize agreements with certain provincial governments;

A bill to amend the Superannuation Act;

A bill respecting Canadian National Railways financing and guarantee;

A bill respecting Canadian National Railways refunding and financing;

A bill to amend the Trust Companies Act;

A bill to amend the Insurance Act;

A bill to amend the Veterans Business and Professional Loans Act;

A bill to amend the Farm Improvement Loans Act;

A bill to amend the Municipal Improvements Assistance Act.

The following bills are to be introduced by other ministers:

A bill to amend the criminal code and possibly a separate bill to amend the criminal code respecting certain pari-mutuel charters;

A bill to amend the Identification of Criminals Act;

A bill to amend the Interpretation Act;

A bill to amend the Royal Canadian Mounted Police Act;

A bill respecting jurisdiction of United States service courts;

A bill respecting the dominion fuel board;

A bill to create a maritime commission;

A bill respecting the east slopes of the rockies;

A bill to amend the Senate and House of Commons Act.

In addition to these measures, there are to be introduced the following resolutions:

A resolution approving the peace treaties with Italy, Hungary, Roumania and Finland;

A resolution approving the constitution of the international refugee organization;

A resolution approving the instrument of amendment of the constitution of the international labour organization;

A resolution respecting the conservation of fisheries on the high seas.

In addition to all this, I would say there remains such legislation as may grow out of the reports of the standing and special committees of the house. The latter include the committees on redistribution; the Dominion Elections Act; joint special committee on the Indian Act; committee on canteen funds; sessional committee on railways and shipping; committee on broadcasting.

I would remind the house that there is still before it a resolution to constitute a committee on human rights and fundamental freedoms, the debate on which is not yet concluded.

The debate on the budget has been in progress for some time past. It also is not yet concluded.

Finally, I must remind hon. members that all estimates of the present year remain to be passed, including those which have been before the house for some months, together with the usual supplementary estimates, also the appropriation bills to be based thereon.

As far as I am able to see at the moment, the statement I have made includes all the measures the government propose to introduce at the present session. I cannot guarantee that all will be proceeded with, nor can I guarantee that, as the session runs on, some matters may not arise which will require the introduction of additional measures. Of such at present I have no knowledge.

I must leave it to hon. members themselves whether they will not be prepared to endorse unanimously the motion I am about to bring before the house, which is to the effect that from next week on the government is to take for its business the hour now reserved for private and public bills on Tuesdays and Fridays, also that the house is to sit on Wednesday evenings. Some understandings on some matters may have been reached with some hon. members by my colleagues the Minister of Veterans Affairs and the Secretary of State for External Affairs. As regards any such, I think we can find a way of meeting them in the course of the session. Near the end of the session there may be some private bills to which we shall have to give a night or two. I hope hon. members will see that here is a programme which, unless we are all prepared to expedite the business of the house, may carry us, not to the end of the summer but to the end of the year.

An hon. MEMBER: Merry Christmas.

Mr. MACKENZIE KING: I suggest that tomorrow hon. members cut this statement out

of today's *Hansard,* place it in their pocket-books or paste it in their hats, and look at it occasionally as the business proceeds.

Mr. BRACKEN: I wish to thank the Prime Minister for this full statement of a full programme for the next few months. I wish to say on behalf of those who sit with me that we are prepared to support this motion.

Mr. MacINNIS: No motion has yet been made.

Mr. McCANN: It is coming.

Mr. BRACKEN: We are prepared to support the programme suggested by the Prime Minister.

Mr. COLDWELL: Mr. Speaker, has the motion of the Prime Minister been moved?

Mr. MACKENZIE KING: No. I made this statement in advance, in the hope and expectation that when the motion is moved it will carry unanimously. Did the hon. member for Rosetown-Biggar wish to speak on the statement?

Mr. COLDWELL: I was going to speak on the motion.

Mr. MACKENZIE KING: Then I will move:

That on and after Tuesday, the 27th of May, 1947, the provisions of standing order 15 be suspended in relation to the procedure and order of business from 8 to 9 o'clock p.m. on Tuesdays and Fridays until the end of the present session; and that on Wednesday the 28th of May, 1947, and all subsequent Wednesdays to the end of the present session the sittings shall in every respect be under the same rules as provided for other days.

Mr. M. J. COLDWELL (Rosetown-Biggar): I had an opportunity this morning of discussing this resolution with my colleagues, and they desire me to say that we are prepared to agree to the taking of the two evening hours, one on Tuesday and one on Friday, but we feel that the members still need Wednesday evening. My colleagues are not agreeable to taking that at the present time.

What has been said this afternoon by the Prime Minister about the very large amount of business yet to be done emphasizes again the desirability of doing something about the arrangement of the business of this house. It is obvious that we cannot proceed to do the business of parliament in the manner in which we have been accustomed to do it in bygone days. The British House of Commons, from which we take much of our procedure, owing to the pressure of business over the last number of years has had to devise ways and means of curtailing debate. We have tried to do that by agreement among the parties, but we have failed. I know that on occasions I have given what amounted to a promise to other members of the house as to the number of speeches, and so on, but it is difficult to live up to any such undertaking. Something will have to be done about the rules.

In the interests of the health of the members of parliament we should not be sitting in this city all through the hot summer weather. Something needs to be done about the times of sitting of the house. Personally I favour the assembling of the house in the autumn for, say, six weeks, to get through the debate on the address, bring down some of the legislation, and try to conclude the business of the session by June 1. It is obvious that the days of three and four months sessions are gone, and something will have to be done to facilitate the business of the house and protect the health of the members. For several years past, members of the house have been unable to get away for a holiday and be with their families during a period when they can enjoy the sunshine. Judging from the long list of government business presented by the Prime Minister, if we deal with these matters properly we shall be here until September at the earliest. I wanted to place these views before the house in order that we may be thinking about them with a view to facilitating the business and protecting the health of hon. members.

Mr. MACKENZIE KING: I should like to say a word in reply to my hon. friend. First of all, I wish to thank him and members of his group for agreeing to allowing the government to have the hour on Tuesday and Friday used for government business. I am afraid that I shall have to ask my hon. friend and his group to allow us to sit on Wednesday evenings. I would point out that it is easy to arrange the business of the house so that if, for example, on a Wednesday evening a number of members may wish to take the evening off, we can find some bills or estimates which all of us will agree are non-controversial, and have them brought forward at that time. The British House of Commons has an enormous amount of business to transact and it manages to get through all its business with about one-third of the house present at any time of the day. I do not think that a member is called upon to be in his seat throughout all the time the house is sitting. If hon. members receive the bills in time to see what they contain, they can govern themselves accordingly. I believe that by arrangement between the leaders the programme can be made satisfactory.

With regard to the summer, I think that all of us would like to have some time off for a vacation, and perhaps none more than members of the government. I notice that often it is forgotten that, in addition to all the business of the House of Commons, members of the ministry have to carry on as well the business of government, whether the house is in session or not. It is a pretty heavy task, when the house is in session, to attend to correspondence, arrange for interviews, receive delegations, hold daily meetings of the cabinet, and consider the many matters that have to be discussed. I would draw attention to this fact, and it is one of the reasons why business is taking up so much time of parliaments today: there is a new class of public business altogether which has come to the fore since the war.

Mr. COLDWELL: That is right.

Mr. MACKENZIE KING: It is concerned with matters of international relations. In that connection, there are the meetings of the united nations organization which are fixed for the autumn months. There are various international bodies on which members of the government and leaders from the opposite side are represented. I think we would be wise to seek to have the autumn reserved for that class of meetings and, as far as possible, to encourage other nations to bring their business on in the autumn instead of at a time when, in most countries, the houses of parliament would be normally in session.

I do not think I need to say more than that the real way to get through the business of the session is by having fewer and shorter speeches.

Mr. MacINNIS: Mr. Speaker—

Mr. MACKENZIE KING: I closed the debate.

Mr. KNOWLES: The Speaker did not announce that.

Mr. MacINNIS: I do not think the Speaker announced that. I thought the Prime Minister was really opening the debate when he spoke.

Mr. MACKENZIE KING: May I say to my hon. friend that I did think I was concluding the debate when I spoke. If I had thought my hon. friend was going to rise, I would have done him the courtesy of waiting until he had spoken. However, I would ask the house to give him an opportunity to speak.

Some hon. MEMBERS: No.

Mr. CRUICKSHANK: He would not say anything anyway.

Mr. SPEAKER: Order. I would direct attention to the fact that I understood the Prime Minister was concluding the debate, since no one else had risen; and I was about to put the question to the house.

Some hon. MEMBERS: Question.

Mr. SPEAKER: If the hon. member has unanimous consent, he may proceed, but it should be well understood that the debate will be closed after that.

Mr. BRACKEN: In view of all the circumstances, Mr. Speaker, I suggest that the hon. member be allowed to speak.

Mr. ANGUS MacINNIS (Vancouver East): It is customary, I believe, for a motion to be moved and then for a statement to be made in support of that motion. Then if the mover of the motion wants to close the debate he has an opportunity of doing so. On such occasions, however, the Speaker advises the house that if the hon. member moving the motion then speaks, that closes the debate, and that was not done on this occasion. I had thought some of the hon. members to my right would wish to speak, and I did not want to get in between them and the mover of the resolution.

Some hon. MEMBERS: Question.

Mr. MacINNIS: When this motion was moved I understood the cooperation of the house was requested. You can shout me down, but that is not the way to get the cooperation of this group.

It seems to me a number of mistakes have been made in preparing the programme for this session. We now have an enormous programme laid before us. If that programme had been before us when we were discussing other matters we would have realized the work that was ahead of us before the session could be concluded and we could have made arrangements accordingly; but that was not done. What I see now is that we are asked today to give away Wednesday evenings. In a few weeks we shall be asked to sit on Saturday.

Some hon. MEMBERS: Hear, hear.

Mr. MacINNIS: And many of those now pounding their desks will not be here. By the time we finish there will be a bare quorum in the house. Then within another few weeks we will be asked to sit mornings.

Some hon. MEMBERS: Hear, hear.

Mr. MacINNIS: We shall be dealing with the business of this house in a way in which it should not be dealt with. Hon. members

are being paid to give due consideration to the legislation that is brought before parliament, and they should stay here until that legislation has been dealt with in an orderly way. We should not be like a bunch of school boys, trying to get away as quickly as we can. I know of no other business institution that carries on its business as the business of this house is carried on. I would ask the Prime Minister to give hon. members an opportunity to do their work in a way that will be a credit to parliament and a credit to the country, instead of shoving a great part of it through at the end of the session without proper consideration as has been done every session since I have been here.

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

Some hon. MEMBERS: On division.

Motion agreed to on division.

FOREIGN EXCHANGE

ADVERSE TRADE BALANCE WITH UNITED STATES—REQUEST FOR STATEMENT

On the orders of the day:

Mr. J. H. HARRIS (Danforth): I should like to address a question to the Minister of Finance, of which I have not had an opportunity to give him notice. I will ask him to accept this as notice, if necessary. The adverse balance of trade between Canada and the United States has doubled in the first three months of this year as compared with last year. I should like to ask the minister to make a statement to the house as to the effect this trade trend will have on our reserve of United States dollars. If he is not prepared to make that statement this week perhaps it could be made early next week, after he has had an opportunity to study the matter.

Hon. DOUGLAS ABBOTT (Minister of Finance): Perhaps I can answer that question now. I have a somewhat similar question from the hon. member for York South (Mr. Cockeram), in which he says:

In view of the grave concern arising in Canada over Canada's exchange position with the United States, will the minister consider making a statement to the house at the earliest possible date as to the exact position, and what action if any is contemplated by the government to meet the situation?

I do not think it is desirable to make frequent statements as to our exchange position, and in this connection I have nothing to add to what I said in my budget speech on April 29.

[Mr. MacInnis.]

EDIBLE OILS

ARRANGEMENT FOR SECURING ESSENTIAL SUPPLIES FROM ARGENTINA—NEWSPRINT SHIPMENTS

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I wish to direct a question to the Minister of Finance arising out of a statement appearing in the press today that a deal has been concluded between the government of Canada and the Peron government of the Argentine under which Canada will sell additional amounts of newsprint to the Argentine in exchange for vegetable oils from that country. Is the minister in a position to make a statement on this matter?

Hon. DOUGLAS ABBOTT (Minister of Finance): An arrangement of the kind mentioned has been made. I had not thought I should take the time of the house to outline its terms, and I prepared a press release which is going out this afternoon, giving the particulars. However, my hon. friend and perhaps other members are interested, so I shall be very glad to give the house the details of the arrangement.

For some months we have been facing special difficulties in securing essential supplies of edible oils at reasonable prices. Since early in the war, as a result of a worldwide shortage, world supply and distribution of fats and oils have been the subject of discussion and allocations by international committees of which Canada has been a member, and under arrangements recently agreed upon we are entitled to import in 1947 about the same amounts as last year. However, that alone does not assure us supplies. Some of the sources from which we drew heavily last year are no longer available to us; and our need for imports is greater because domestic production of lard and other animal and marine oils and fats is running below last year's levels.

We have been confronted by a very difficult and serious situation. If certain negotiations had fallen through, we should have found ourselves lacking nearly half of our imports of edible oils. Moreover, since the larger part of our domestic supplies does not become available until later in the year, the full impact of this shortage would have fallen in the summer months. Less than half of normal supplies would have been available. Important industries would have been completely disorganized, particularly the baking industry. Shortening for household purposes would virtually have disappeared from retail stores.

To meet this situation we have concluded arrangements which will go far toward assuring us of our minimum 1947 requirements of edible oils. The most important source of these oils available to us this year is the Argentine republic. We have therefore been negotiating with the government of that country to sell us up to 18,000 metric tons at prices which, while above last year's, are considerably below open market quotations prevailing at present, and in all the circumstances can be considered as not unreasonable. We have now reached a firm arrangement for 9,000 tons of oil, and negotiations covering a further 9,000 tons are well advanced.

In discussing these arrangements with us, the Argentine government has drawn our attention to the fact that they have been experiencing serious difficulties in securing their minimum supplies of newsprint and that their country is being less favoured in regard to supplies of newsprint from Canada than other countries also dependent on Canadian supplies. They were only prepared to make edible oils available to us under a special arrangement whereby newsprint tonnage would be made available to Argentina equivalent to the tonnage of oils received. Under this arrangement, which has been agreed to, if the full 18,000 tons of oil is received, the newsprint tonnage sent in return will be less than one-half of one per cent of total Canadian production, estimated at 4,350,000 tons for 1947. The arrangement will therefore have no significant effect on other shipments, domestic or export. If ordinary commercial newsprint shipments to Argentina continue, and I have no reason to believe they will not, the amount of Canadian newsprint going to that country will be somewhat greater than last year, but slightly below the 1940-45 average.

In order to avoid the complications involved in imposing export control, we are implementing our part of the bargain by instructing Canadian Commercial Corporation to buy newsprint from all the Canadian producers, in amounts depending on their production, and sell it to Argentina.

[*Later:*]

Mr. DIEFENBAKER: I should like to ask a supplementary question. Did the Peron government ask the Canadian government to permit the sending of Mosquito aircraft from Canada as part of the *quid pro quo* for delivery of oil?

Mr. ABBOTT: No.

Mr. JACKMAN: May I ask the Minister of Finance at what price newsprint will be sold to the Argentine government? Is it the same price that the Canadian Commercial Corporation will pay the newsprint companies?

Mr. ABBOTT: I am afraid I have not that information.

CIVIL SERVICE

PRESS REPORT AS TO FIVE-DAY WEEK FOR GOVERNMENT EMPLOYEES

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): Mr. Speaker, I should like to ask a question of the Secretary of State. Is there any truth in the report published in the Ottawa *Citizen* of yesterday that the government is considering instituting a five-day week in the civil services. It is now on a 36½-hour week.

Hon. COLIN GIBSON (Secretary of State): So far as I know, no consideration has been given to the matter.

EMIGRATION

CANADIANS LEAVING FOR YUGOSLAVIA—PROTECTION OF PASSPORTS

On the orders of the day:

Mr. RODNEY ADAMSON (York West): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs. The question, I believe, is so important and of such pressing urgency that I ask Your Honour's indulgence and that of the house while I give three sentences of explanation of the question.

My question is: Will the Secretary of State for External Affairs take steps to see that the Canadian passports carried by the expatriate Yugoslavs now in process of returning to their homeland are protected in such a way as to prevent their alteration or transference to other persons, and ensure that each Canadian passport issued to this group will be easily identifiable on its reentry into Canada?

I ask this, Mr. Speaker, because first, from press reports, it is obvious that this exodus is a communist-inspired movement; second, because of the trouble with passports issued to those persons going to fight in the Spanish war whose passports were removed from them in Spain, and many of which passports have subsequently been used by international communism; and third, because the Canadian passport is today considered as the most valuable international document of identity.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, although I received notice of the hon. member's question only a few moments before coming to the house, I can give the hon.

member assurance that the department will continue to take all practicable means to safeguard the integrity of Canadian passports. Further, the suggestions contained in the letter covering his notice of question will receive careful consideration.

PERMISSION TO REENTER CANADA—AMOUNT OF CAPITAL EXPORTED

On the orders of the day:

Mr. GORDON GRAYDON (Peel): May I ask the Prime Minister if he is in a position to answer the question asked yesterday by the hon. member for Dufferin-Simcoe (Mr. Rowe), which he said he would take into consideration today?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The hon. member is referring to the question of export permits granted to persons returning to Yugoslavia?

Mr. GRAYDON: Yes.

Mr. MACKENZIE KING: I have asked my colleague the Secretary of State for External Affairs (Mr. St. Laurent) if he would make a full statement to the house in the matter. I believe there is considerable information to be gathered before a proper and complete answer can be given. I believe my right hon. friend proposes to make a statement tomorrow, is that not so?

Mr. ST. LAURENT: I hope so.

PRAIRIE FARM REHABILITATION

QUESTION OF EXTENSION OF PROVISIONS TO BRITISH COLUMBIA

On the orders of the day:

Mr. E. D. FULTON (Kamloops): Mr. Speaker, I should like to ask the Prime Minister or the Minister of Agriculture whether, inasmuch as I did not hear the Prime Minister mention a bill extending to British Columbia the principles of the Prairie Farm Rehabilitation Act, is it still intended to introduce that legislation at this session?

Right Hon. J. G. GARDINER (Minister of Agriculture): The matter referred to has been under consideration by the government, and I hope to be able to make a statement about it tomorrow.

RAILWAY ACT

INQUIRY AS TO AMENDMENTS

On the orders of the day:

Mr. GORDON GRAYDON (Peel): May I ask the Prime Minister or the Minister of Transport whether included in the list of legislation yet to be brought down is an amendment to the Railway Act?

Hon. LIONEL CHEVRIER (Minister of Transport): It is all ready. The resolution is on the order paper, and I hope to be able to deal with it next week.

THE BUDGET

DEBATE ON ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, May 20, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Muskoka-Ontario), and the amendment to the amendment of Mr. Coldwell.

Mr. W. GARFIELD CASE (Grey North): Mr. Speaker, I take note of the time, and I shall fix my course for 4.30. That would appear to be about correct.

Mr. KNOWLES: No; 4.28.

Mr. CASE: I hope I do not need the two extra minutes.

I have listened to the suggestion made with respect to the length of the sessions and the health of the members, and I feel it is an important one. While I sat here today I thought it would be a good idea to start in by ripping those awnings off the windows so as to let a little honest-to-God daylight into this impressive and depressing chamber. I am sure the architect who was responsible for this building must have placed the windows there for some purpose. There is no doubt that glass could be placed in them which would reflect light, and, on occasions, we could have the benefit of some daylight. The leader of the C.C.F. has said that we miss all the sunshine, and he is right.

This afternoon I am privileged to take part in an important debate. In doing so I feel I am favoured inasmuch as I did not lead off at the time when the presentation of the budget had had a certain stimulating effect—an effect, however, which died suddenly after the Canadian people had an opportunity to examine exactly what the budget meant.

It is customary, so it seems, to compliment the Minister of Finance, but I feel on this occasion I shall have to confine myself to complimenting him only upon his personality and his genial manner, because there is

nothing in the budget which merits compliment. I shall proceed in a moment or so to indicate why I take that view.

The minister presented to the house a budget in which he indicated a surplus of $352 million. It is only fair to say that he had no more to do with that surplus than did the man in the moon. The minister had only recently arrived from the Department of National Defence, and upon taking office in the Department of Finance he received a legacy, so to speak, from the sale of capital goods, the cost of which we have never been advised. Possibly more than $2 billion worth of goods, which Canadians bought through the purchase of victory bonds and through taxation, were sold for a total of $372 million. In spite of that enormous sum, the best the minister could indicate was a surplus of only $352 million. Yet it was so great that he himself did not know what to do with it. He proceeded to indicate a tapering off in the over-all amount of income tax, but in doing so he did not think of the little fellows who were earning a mere subsistence. He did not change the level at which the tax would apply.

This year he has budgeted for a surplus, but with certain qualifications. He has taken a rather gloomy attitude toward the future, and he is much in doubt as to his ability to deliver the goods. Because of the attitude of the Minister of Finance and the government generally there has been a failure to inspire business or to encourage private enterprise to play its full part, at a time when that inspiration and encouragement are so necessary in the affairs of this nation.

I feel that we might well weigh in the balance the experience of the minister's predecessor, who was charged with the responsibility of raising vast sums of money to carry this nation through a very trying period in our history. He proved himself equal to the task of extracting from the Canadian people, by taxation and by the sale of victory bonds —the best security in the world—at a time when patriotism was running at great heat, untold billions of dollars. But with his mind fixed upon such a large target he failed to weigh in the balance the capabilities of the Canadian people in time of peace and so we found in the estimates last year that the former minister of finance, backed by his years of experience, budgeted for a deficit of approximately $300 million.

When the present Minister of Finance appeared before the House of Commons he gallantly pointed out that through the good management of his predecessor he was able to present a surplus of $352 million. I wonder if the Canadian people realize that they were just about $700 million out in their estimates. In other words, it was nothing more or less than a pure guess. A school boy could have come just about as close to it. If the present Minister of Finance with his limited experience can budget more accurately, then there is no reason to believe that the administration needs any particular financial talent to administer the affairs of the Department of Finance. I say that we must wait and see. I think the Minister of Finance would have shown greater courage and would have inspired the people of Canada had he copied the example of his predecessor and budgeted this year for a deficit of a quarter of a billion dollars, cut right across the levels of taxation and unshackled the restrictions which are handicapping this nation as it fights its way to greater heights in peace time.

I should like to refer to the way in which the budget has been accepted. During the war I remember listening to a talented lady address a public meeting. She said, "If you want to know how the war is going, do not read the headlines, just look at the financial sheet." If you want to know how much this government has inspired business in this country, just turn to the financial sheet in your daily newspaper and there you will find a shrinkage in values to the extent of millions upon millions of dollars.

I am saying this with all kindness and respect, because in making my criticism I want it thoroughly understood that I bear no personal ill will toward any of those sitting opposite. I appreciate indeed the responsibilities which they have assumed, but at the same time as a member sitting on this side of the house I can afford to be critical of their methods. This government has carried on government at the administrative level, but I challenge any member of the government to stand up and say that they have solved one major national problem since the closing days of the war.

Mr. MACKENZIE: I accept that challenge.

Mr. CASE: Good; you will have an opportunity—

Mr. MACKENZIE: I say that this government has done the finest job of rehabilitating the returned soldier of any country in the world.

Mr. CASE: One can always depend upon the Scottish people to accept almost any challenge and argue a point whether they are right or wrong.

Mr. MACKENZIE: Especially a silly one.

Mr. CASE: There is no one I would rather have accept that challenge than the right hon. gentleman who has just spoken, because there is no one for whom I have greater respect, and there is no one who has been more complimentary to myself.

I wish to deal now with what I consider to be the national problems facing this country, and then I shall assess the value the government places upon the manner in which it has solved these problems. For instance, I am going to ask: Does the government believe that it has solved the housing problem? My experience is that there are scores upon scores of people who are still seeking shelter. There are thousands who believe that government policy has been such as to hamper the construction industry, and that the restrictions which have been retained have handicapped the manufacturers and suppliers.

A resolution was passed by the council of my home city and addressed to the Minister of Reconstruction and Supply (Mr. Howe). The clerk of the municipality has communicated the resolution in the following terms:

> As a result of requests received from the Owen Sound rehabilitation council and from various citizens, the city council has instructed me by resolution, passed unanimously at its meeting held May 12, 1947, to write you requesting that controls upon building materials for the Owen Sound area be removed in order that the same may be released to individuals desiring to undertake the construction of their own homes and to complete homes upon which construction has been started and cannot be completed owing to inability to obtain necessary materials.
>
> I think I should point out in this connection that in the past eighteen months, the municipal corporation has sold to individuals, 187 building lots upon the condition that the purchasers thereof will construct a dwelling before obtaining title thereto. None of these purchasers to date, has been able to complete his dwelling and claim his deed, due to the fact, in almost every case, that building materials cannot be secured by individuals who have no priority.

The local government bodies are charged with the responsibility of finding some means by which they can provide shelter for their people. Their appeal to the government is to get the building industry out of the muddling mess they have been put into, and give private enterprise a chance to show its worth.

I ask the government: Has it solved the problem of production? Goods are in short supply. Almost any article of great necessity is difficult to obtain. I have heard hon. members claim that they are unable to secure even a shirt, but I believe that that situation has improved somewhat. But the government has failed to solve the problem of supply or production.

I ask further: Has the government solved the agricultural problem? All I have to do is to point to the thousands upon thousands of vacant farms throughout Canada to show whether farming has lost its attractiveness, or whether the government has inspired people to return to the soil and dig from the good earth the wealth the nation depends upon, the food that the world is seeking to prevent starvation. It is true that many factors enter into this question. Farming has not lost all its attractiveness, and I would be the first to encourage a return to the farm lands of this country. I believe there is something in store for our farmers, but the tendency is to make it so attractive for people to leave the farms and seek to earn their living in urban centres, in the bright lights, that it is almost impossible for farmers to carry on and secure the help they need for their farms. Indeed the farmer cannot depend upon a thirty-six hour, a forty hour or a forty-four hour week or an eight hour day. His time is set by the sun, and he must employ his labour and talents from daylight to darkness in order that his work can be completed. However, we find the natural tendency is to encourage people to become more or less dependent upon some central authority. In other words we are developing amongst our people a nation of leaners rather than leaders. The natural trend is toward governmental paternalism. In time, then we look back and assess this period in our day and generation, we shall find that it was one of the most dangerous periods through which we have passed.

History, Mr. Speaker, has a habit of repeating itself. Students of history will tell you that when the great Roman empire was on the march, when they were beating their ploughshares into swords, they were masters and monarchs of all they surveyed; but the moment they began to make it more attractive for people to live in the urban centres, when their people began to flock into their towns and cities from the great agricultural lands, the great nation began to crumble and decay, and today not a vestige of that empire remains. As a matter of fact we hear no more of the great Roman empire.

Mr. WRIGHT: Will the hon. member permit a question?

Mr. CASE: If the hon. member would like to ask one.

Mr. WRIGHT: Does he think that the suggestion of the financial critic of the official opposition, the hon. member for Muskoka-

Ontario (Mr. Macdonnell), of increasing the interest rates, would encourage the buying of these unoccupied farms?

Mr. FERGUSON: Figure it out for yourself.

Mr. CASE: To begin with, I have not the speech of the hon. member before me, and I do not know whether the hon. member who has asked the question would put the proper construction upon it, but I shall tell him that from my own point of view interest rates are directly related to our general over-all economy. One has a direct relation to the other, but just where the balance is I am not going to indicate at this time.

I have spoken of houses; I have spoken of production; I have spoken of agriculture and I am now going to ask if the government has solved or even indicated its ability to solve the problem of holding this nation together in the sense that we appreciate national unity. I want to tell you, Mr. Speaker, that they have almost wrecked confederation, and I say that with all sincerity; because they have gone forward by hook or by crook, by intrigue or by persuasion, to bring into line seven of the provinces of Canada, to get them to make an agreement with the central authority, while they overlook the fact, that within this great dominion, in the two central provinces, reside over sixty per cent of the entire population of Canada. From this same area comes over seventy per cent of the entire revenue of the dominion.

Mr. GIBSON (Comox-Alberni): All through tariff.

Mr. CASE: If there had been a desire to arrive at a uniform agreement there would have been common ground on which they could have traded. As a matter of fact I cannot understand why the government should seek to lay down a formula which had to be accepted in its entirety when they would have been making equally good progress had they accomplished any one part of the programme.

It seems strange that the impression should be abroad that by having one central taxing authority and by passing out money to the various provinces which are not charged with the responsibility of raising the money, you can lower taxation. The direct opposite is likely to be the result. No government should spend money that it is not responsible for raising. The government which raises the money should spend it and answer to the people from whom the money comes. That is the only way we can properly assess, criticize or determine their ability as administrators.

I can think of the days gone by in the history of the country, when it was determined that we should become a confederation, when there gathered first at Charlottetown, Prince Edward Island, and later in the city of Quebec, those who later were known as the fathers of confederation. If we think that our task today is a difficult one, we have only to imagine how much more difficult their task must have been in those early days when they faced problems which were practically unknown. And yet by a series of compromises they were able to bring about the birth of a great nation. I would remind the house that this same confederation is held together in a spirit of compromise. It is held together indeed by a very delicate thread, and it would not take a great deal to upset it. The present administration is charged with the awful responsibility of determining our future course. It transcends all political parties or partisanship of any kind. We know the difficulties that are experienced, but no one can charge the premier of Ontario with blocking the agreements, when all you have to do is to refer back to the time when a farmer from Elgin county by the name of Mitchell F. Hepburn walked out of the conference and would not even enter into negotiations. Therefore, sir, I say to you that you have before you a clear picture which is apparently unsatisfactory to those who are responsible for the negotiations.

I now come to the matter of trade. Our over-all trade picture has attractive features, but I am thinking of our position with respect to the United States of America, and I am asking myself a lot of questions. I am sure the Minister of Finance and his advisers must be greatly concerned about the constant draining off of United States dollars or United States exchange at a time when we need that exchange to carry on our business. I could not understand why the exchange situation was levelled at parity, and I asked the then minister of finance, now the Minister of Justice (Mr. Ilsley) where the pressure came from. With all due respect we must accept the answer he gave the other day in reply to the hon. member for York West (Mr. Adamson). Nevertheless I say to him and I say to the government that there must have been pressure from some source, because to my knowledge, and I have been a fairly regular attendant at the house sessions, no member of the House of Commons ever rose in his place and advocated parity with the United States dollar. Do hon. members ever stop to realize the advantage that we enjoyed? Yet the Minister of Finance referred to this in his budget address and said that on the

whole it was working out satisfactorily, or words to that effect. Do hon. members ever stop to think that this is a time when we are seeking to expand Canadian markets? For a time we enjoyed the great advantage, when our Canadian dollar was worth only ninety cents in the United States, or conversely the United States dollar would buy $1.10 worth of goods in Canada. It was not only the trade with the United States of America, but trade we were seeking to develop in Latin America, the very trade that the Minister of Finance referred to this afternoon with Argentina. All this was wrapped up in the standard value of the United States dollar. Then, what happened with respect to our gold mining industry? After all, gold remains a standard of value because it is durable, and we have plenty of it in our hinterland and in our rocks, but we must encourage miners and free enterprise to take this precious metal and put it where it can be used in a monetary sense as a backlog for the nation's trading balances.

I think it was the hon. member for Kenora-Rainy River (Mr. Benidickson) who made the remark that the best thing that could happen to Canada would be for the United States to raise the price of gold. I regret that we take that attitude, because this is one instance in which Canada can indeed offer to give a sense of leadership. We should not have to wait for the United States to increase the value of gold. For our own protection and for the benefit of one of our great natural resources, one of the largest employers of labour, we should set our course to encourage the mining of gold. It would be within the realm of possibility to pay $40 an ounce, for native-mined gold, or even more; because once you have paid $40 an ounce for gold you are no longer paying interest upon that sum; you have a durable medium of exchange which will satisfy all trading balances throughout the civilized and trading world.

Now I have said that the government has failed to give leadership and inspire industry, that it has failed to solve one major national problem, and I have been challenged by the Minister of Veterans Affairs. I have no doubt that when he speaks on the budget he will indicate clearly the problem he feels he has solved, and if he refers to his own particular department I will pay him this compliment: I believe he is making every effort to solve his problems as they arise.

I believe, too, I should be complimentary to the Minister of Mines and Resources (Mr. Glen). I was sorry to hear of his rather serious illness, but I had it in mind to convey to him the compliments to which I intend now to give expression. He has shown a sense of leadership in setting up a joint committee of the Senate and House of Commons to examine the Indian Act. I believe that as a result of his initiative there will come some source of help and enlightenment in the building up of the Indian population of Canada who were our first citizens. I feel it is a great honour to have been associated with that committee of the House of Commons and the Senate. The members have been faithful in their attendance and sincere in their approach, and that is one place where I always feel quite happy, because politics are entirely forgotten and we work together for something that will bring to Canada and Canadian Indians some measure of relief which will free these people from that feeling of inferiority from which they have suffered.

The former secretary of state, now Minister of National Health and Welfare (Mr. Martin), might have been commended for a noble act when he brought into the house the citizenship bill, which was received in Canada with a great deal of fanfare, and which he so ably piloted through this house. It was well received, but unfortunately he put it on the auction block and offered it for five dollars. The first bidder was the Prime Minister; then the minister knocked it down to one dollar, and yesterday the Postmaster General said he would put it out in the form of postage stamps. I think it is in order to ask him how many postage stamps one has to buy in order to obtain a citizenship certificate.

May I remind the Minister of Finance that he continues to discriminate against married women. He has put the married women in a different class from any other Canadians, and I think that should be resented. In our hospitals and other institutions where women were willing to work, and where they are badly needed, he has said in effect that every woman may earn $750 a year before becoming liable for taxation, but that so far as married women are concerned, for every dollar the married woman earns over $250 her husband will have to take it off his exemption. That is a rank discrimination.

Another respect in which there has been neglect is that no consideration has been shown for parents with children over twenty-one who are going in for higher education. It is not every parent who is financially able to see his children through school so far as higher education is concerned. The better his education, the better equipped he is mentally and academically, the greater becomes a young man's potentiality as a taxpayer. I certainly think that some provision should be made for exemptions for parents of young men and women attending university, going in for

medicine, law, or any other recognized profession, in order that such parents might be encouraged to divert some of their money towards that purpose. I for one know something about the sacrifices generally that are made in that respect.

The Postmaster General set out to solve his problems by introducing a bill which gave him wide powers to grant bonuses up to $800,000 to rural mail carriers. But that solved nothing. The rural mail carriers should be put upon a basis where allowance would be made for depreciation in respect of equipment, and they should be entitled to join in some superannuation scheme on a contributory basis. If that were done it would satisfy a lot of rural mail carriers.

As a matter of fact, speaking of superannuation. I suggest that if this government showed a sense of leadership it would long ago have given consideration to some method of superannuation for members of parliament, so that the moment a man arrived here he would begin to pay into a superannuation fund, and if he were rejected at the next election, if he failed to return he would have laid the foundation for a contributory old age pension on his own behalf. Many who are in this house today have spent their lives in the public service. Under the scheme I suggest they would eventually be superannuated or would have some guarantee of economic security in their advanced years. There are many politicians, I might say, who find themselves poorer instead of being enriched after long years of public service, and that is not a very fine tribute to the appreciation which the people have of their public servants.

I have said that there has been no leadership. I have been here for a number of years, and apart from the citizenship bill and the Indian affairs investigation which is under way, and which I hope will result in something, I have yet to find any major piece of legislation which would inspire our citizens. There is no overall planning. There is no programme of expansion or building, and we know that our country is languishing from lack of direction.

I look upon our municipal councils as the very bulwark of democracy. They live close to the people and can interpret the people's needs and wishes better than any other level of government. We know that services are badly needed. Take, for instance, our educational institutions. Thousands upon thousands of dollars must be spent, and spent immediately; and certainly over a period of years hundreds of millions will be spent to guarantee to our children a proper education. Would members of the House of Commons be surprised to learn that in Saskatchewan alone almost one thousand Indian children are being denied education because there are no schools? That is a direct responsibility of the federal government, leaving the municipalities out of it. We are in dire need of more educational institutions.

Again, take our hospitals, gaols and asylums. Consider the hospital situation, particularly as regards mental patients. Some members may have read a series of articles in *Liberty* magazine by D. M. LeBourdais on what the writer terms "Canada's shame" with regard to our mental hospitals. I am not going to attempt to deal conclusively with this matter, but I would refer to the situation in the province of Quebec, where there is one mental institution housing 6,200 of these unfortunate souls who are condemned to a life of despair, sorrow and darkness, with about ten part-time doctors or psychiatrists. The inmates are sleeping in the corridors, anywhere a place can be found to put them. Moreover if you will read the report of General R. B. Gibson, a commissioner appointed under order in council P.C. 1313, regarding the penitentiary system in Canada and turn to page 11 you will find that he said:

> A population of 1,100 is too large to be handled efficiently in one institution, and the facilities available in St. Vincent de Paul penitentiary are inadequate to deal with a population of that size.

Mr. Speaker, no one of these institutions can properly house 1,100 persons. Yet we have across Canada a situation with respect to our mental institutions which is a disgrace indeed to organized society. I have pleaded with this government to use the credit of the country and the public services to construct such buildings, which ordinarily fall in the non-taxable class, for the purposes of educational institutions, gaols, asylums and hospitals. If that were done at least it would be a lead. While some have said that the adoption of this plan would be a blow at big business, I want to say to you, Mr. Speaker, that it would leave a field for big business that would inspire others to further achievements in the development of Canada. It would encourage the return to this country of thousands of our young men who have gone to the United States and other parts of the world; and among them are scientists and engineers whose ability we miss and whose devotion to science and engineering would make a great contribution to the people of this nation. If you think I am wrong about that, I want to read into the record a state-

ment by one whom I consider sufficient authority to back me up on this issue. I quote as follows:

> Once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognized as its conspicuous and sacred responsibility, all talk of the sovereignty of parliament and of democracy is idle and futile.

These words come from the Prime Minister (Mr. Mackenzie King) in an article entitled, "The Issues as I See Them", published in *Maclean's* magazine of September 15, 1935. That was when the right hon. gentleman was in opposition, and they were the fine words he used to describe the issues as he saw them then. Since that time, to the credit of the government or his administration, they did create the Bank of Canada as a complete public institution. We could use the facilities of the Bank of Canada to guarantee the things which this nation is crying for. I am not asking for a hand-out. I do not want to associate myself with any bonuses or gratuities which are not earned. I subscribe to the theory that a dollar which is not earned has no value. As a matter of fact I will venture to say that you could walk down the street in the city of Ottawa with a handful of brand new ten dollar bills, and if you attempted to give them away nobody would want them because people would question whether they had any value. In other words the value of money depends entirely upon its acceptability and upon confidence in your system of government. I am reminded by someone back of me that I might try that experiment. But that very same gentleman offered me his roll yesterday and I questioned its value because I thought he was altogether too generous. Even yet I think it is fictitious.

May I say, Mr. Speaker, that when a workman works, he earns his living by the sweat of his brow. We can process our natural resources, such as our rocks, our minerals and our forests, and we can erect structures which will become an asset to the nation, and what does the worker do when he is paid? Well, ordinarily he might buy himself a package of cigarettes for thirty-three cents, and twenty-five cents of that or thereabouts will be for taxation purposes. Let me say to you, Mr. Speaker, that if you go for a shopping tour in Ottawa this afternoon with your wife—

Mr. REID: It is a half holiday this afternoon.

Mr. CASE: Then do it tomorrow afternoon, and I will go with you. In going around the shops in Ottawa, spending what you would spend in an average budget, a matter of about $25, how many of you realize that almost $8 of the $25 you spend goes for taxation purposes? That is the situation which exists at the present time. Even the best of these people need some sense of leadership, but above all they need the facilities which this nation can provide. Rich though it is in resources, the only way in which we can guarantee the new heaven and the new earth that the Prime Minister spoke about during the dark days of the war is to give effect to the productive genius of this nation, to encourage all our people to put their shoulders to the wheel and earn their living by the sweat of their brows and not depend on any hand-outs.

Mr. RONALD MOORE (Churchill): Mr. Speaker, more than sufficient time has elapsed to permit the country at large to digest the sensational sections of the budget. The result, it would appear from information at hand, is such that, instead of finding himself or herself with a potentially greater income, the man or woman with an average pay cheque or envelope finds the opposite to be the case. In fact, the months of May and June will see them further behind, financially speaking.

On numerous occasions the attention of the house has been directed to the tables illustrating the "percentage reduction from present rates" of income tax to that of the proposed rates of income tax. When one looks at the tables in question it cannot be denied that it is correct that the government can save the taxpayer a sum of money ranging from fifty-four per cent in the lower brackets to seven per cent in the upper brackets over the amount contributed currently. However, an examination of another set of government statistics, appearing in the same document with the tables of reductions, reveals that "the cost of living and wholesale price index" has steadily risen in the instance of all items from 124 in June, 1946, to 127 in December, 1946, to 128 in February of this year. These figures are taken from the budget in *Hansard* of Tuesday, April 29, 1947, and can be seen on page 2600 of that document. The same table gives a more dreary picture in the instance of "wholesale prices", which reveal a figure of 142 for June, 1946; 145 for December, 1946; 148 for January, 1947, and 153 for February, 1947.

It would be most enlightening to know what the price index reveals for the current month, now that prices are really starting to climb, with the lifting of subsidies and price ceilings on a long line of goods.

Allow me to illustrate in another fashion what I have just noted. It is found that in the case of a married man with two children of family allowance age the government will save this man with an $1,800 annual income the truly stupendous sum of $16 in his next income tax return. That is about thirty cents a week. If this typical family uses only three pounds of butter a week the saving in income tax is completely wiped out by the action of the government in removing the subsidy on butter. Add to this the rising cost of eggs, Cheddar cheese and other staples of the dinner table, and the so-called saving in income tax gradually mounts to a sizable deficit. The humorous side, if such it can be called in dealing with a serious subject of this kind, is that today the family in question is also paying more money in higher prices, whereas the so-called saving in income tax, running as high as fifty-four per cent, does not take effect until July 1 of this year.

I should like to deal for a few moments with the basis on which the reductions in income tax have been computed in the present budget. The Minister of Finance has said that the reductions are as high as fifty-four per cent in the lower brackets, and as low as six and seven per cent in the higher brackets. As we check the figures in the budget there can be no doubt that this is true; but one thing has bothered me. I wonder why the income tax reductions this year have been computed on a percentage basis. People who have made a study of previous budgets introduced in this house tell me that reductions have always been computed on a dollar basis. If the amount to be contributed in income tax were either increased or decreased in any previous budget, the differences were given on a dollar basis. Of course it is quite easy to convert the percentage basis to the dollar basis, and in order to develop the argument I wish to present this afternoon I am going to do that at the present time.

Let us take, for example, the fifty-four per cent reduction in income tax paid by those coming within the lower income brackets. For a single person earning $800 per annum, this reduction of fifty-four per cent means a saving of $6 in the amount of money he will contribute to the federal treasury this year. Last year he had to pay $11, so that the saving is fifty-four per cent; but the dollar saving is only $6 per annum. Take the case of a married man with no children, whose annual income is $1,800. He, too, saves fifty-four per cent. This year the new income tax rates will save him $16, while on the basis of a full twelve months' period the dollar saving will be $32. Let us consider for a moment the man who receives a much larger income and who has been given a reduction of only seven per cent. According to the tables, the income tax reduction of seven per cent applies to incomes of around $200,000 or more. Of course such incomes will be made up of salaries, investments and so on; but the seven per cent reduction on $200,000 amounts to $10,385 per annum. Then take the case of a man receiving an annual salary of $5,000. His reduction in income tax is fourteen times greater than the reduction given the man in the $1,000 a year bracket. Similarly the reduction given the man earning $10,000 per annum; his reduction in income tax is almost thirty times greater than the reduction of the man earning $1,000 a year.

Mr. GIBSON (Comox-Alberni): But how much more does he pay?

Mr. MOORE: That has nothing to do with the point I want to develop, but I have the tables here which I shall be glad to let the hon. gentleman have if he would like to see them, giving the reductions in income tax for the three groups I have mentioned.

Mr. JOHNSTON: It doesn't make any difference what he pays; it is what he has left after he pays it.

Mr. BENTLEY: He doesn't want an answer to the question; he just wants to be funny.

Mr. MOORE: I appreciate the hon. member's question, since I endeavour to study these questions as deeply as possible. The point I am making is that I believe the government should have completely eliminated the income tax on all incomes within the lower brackets. During the past two years the trades and labour council and the Canadian Congress of Labour have submitted briefs asking that all incomes within the lower brackets, that is up to $2,000 for a married person and $1,000 for a single person, should be absolved from the payment of income tax. I think a careful study of the budget indicates that this could be done and the government could still maintain sufficient revenue adequately to carry on the services of the country. As we peruse the pages of the present budget we find that the reduction in personal income taxes amounts to around $70,000,000 a year, while the reduction in the excess profits tax amounts to $269,000,000, or approximately four times as much. The taxation statistics put out by the Department of National Revenue for 1946 show the amount collected in taxation from the income group I have been discussing, that is those receiving from $1,000 to $2,000 per annum,

in round figures amounts to approximately $145,000,000. So I submit that if the government had wished to do so they could have largely eliminated taxation in this field and made up the difference by way of extractions from the excess profits tax.

I do not want any hon. member to think I have anything against companies and corporations in Canada which are making profits, but I think the excess profits tax is a fair tax because it is based upon profits which are greater than normal. During the depression years from 1936 to 1939 we found that a large number of Canadian companies were able to make pretty fair profits. When the war broke out, the excess profits taxation was imposed, under which the average profit for the four years mentioned was known as the standard profit. Anything in excess of that became excess profits and subject to heavy taxation. I believe the government should continue that plan into the peacetime era. I believe it should be continued for this reason, that in Canada today we have a twenty-seven year backlog of production. First, we had the depression, during which a considerable backlog of production developed. Then, we had the war period, when another backlog of production developed. We also have foreign markets, and at the present time our industries are running all-out in an effort to supply them. So today the profits of Canadian industry are the highest in the history of this country, and I think the government should take steps to collect a large proportion of that money in taxation, which could be used to provide better social services to our people.

Mr. JACKMAN: If the hon. member would permit a question, what would he do in the case of a small manufacturer who made $15,000 during the standard period, we will say, and who is now doing three or four times that amount of business because of his abilities and the work he has put into his concern? Would the hon. member take all that profit away from him, or would he allow that manufacturer to grow?

Mr. MOORE: I take it, Mr. Speaker, that companies and corporations are very much like individuals. There may be two individuals in a certain line of business. One will make a success; the other will not be able to get along so well. I believe a case such as that mentioned by the hon. member should be considered by the government, and if it is found necessary to make reductions in such a case, then I believe those reductions should be made so that the taxes on those industries which are not as successful would be lower. However I do not see that this argument has very much weight at the present time. There may be some industries in regard to which certain reservations would have to be made; but, generally speaking, Canadian industry is running all-out today and making greater profits than ever before. I have in my hand a number of press clippings: "B.C. Pulp and Paper doubles its profit this year. Nets $991,000." Another, "Borden's Milk sales the highest in four years." Another article is headed "76 per cent profit gain for oil company"—and this is the Canadian Oil Companies Limited. Another states "Sears, Roebuck doubled" its profit, and another states, "Price's net profit shows 123 per cent boost."

Those are things which I think the government should cash in on. It should use the excess profits tax to the full, and collect taxes in order to provide social services for this country. No one believes more fully than I do in the services rendered by the federal government, but I think it is following a wrong policy in not fully taxing big business in Canada. There are other advantages which would occur if the suggestion were followed that taxation on smaller incomes be wiped out. One would be a tremendous saving in the labour of administration which goes into the work of compiling, printing and checking income tax papers of the groups which should not be paying taxes on small earnings. This saving in work would then permit the harassed revenue department to concentrate still more on larger incomes, which would result in still greater revenues for the government in tracking down those who are not now paying the income tax they should be paying.

It is true that this is another problem. Yet it is a fact that the removal of income tax from the lower levels would permit revenue officials to concentrate more on those who are avoiding their responsibility by not paying their full share of income tax. This does not mean that the great bulk of income tax returns are incorrect, because it is felt that the great majority of people are inherently honest. However, among those in the higher brackets there is a fair percentage who are not paying all that the tax laws require. It is this group which I have in mind, and which revenue officials will admit exists in goodly numbers.

Whilst I am on this subject of taxing still further the higher income tax payers, I might observe that action should have been taken in absolving from taxation the incomes of married women who are working and earning sums less than $1,000. It has been the experi-

ence of many that married women who go out and earn some money in addition to that earned by their husbands, usually do so because there is an economic need for such earnings. I do not believe the average husband desires that his wife should be a bread-winner. But if it is necessary, in these days of high living costs, for both to earn a livelihood, then some assistance should be given these people by lowering the amounts they should pay in income tax to the federal treasury.

I cannot help coming to the conclusion that a reduction of the amounts to be collected in income tax in the near future has resulted in no benefits such as the government attempted to visualize in the budget now under discussion. I do not wish to say more at this time with respect to the personal income tax.

I now turn to the excess profits tax. I am of the opinion that a most serious error has been made by the government in reducing its income from this source. Since the name implies that these are "excess profits", there should have been no argument whatsoever as to the reduction or otherwise of this tax. Apparently, according to the government, it is perfectly satisfactory for large business organizations and individuals not to be taxed as heavily on their more-than-normal profits.

Mr. ABBOTT: Would the hon. member permit one simple question? How does he define normal profits?

Mr. MOORE: When I refer to normal profits I refer to what the government established as the standard profit on which excess profits taxes were based. I regret that I did not use the word "standard".

Mr. ABBOTT: I do not wish to argue with the hon. member, but that is the difficulty, and it is also the basis of the unfairness of a so-called excess profits tax in peace time. However, as I said, I do not wish to interrupt.

Mr. MOORE: According to the figures in the budget, the revenue from the excess profits tax will mean that the federal treasury stands to gain approximately $500 million. It is possible that the saving granted to large business groups in respect of their excess profits tax will be more than sufficient to meet the federal government's obligations in respect of old age pensions payments. I could go through the budget and show other instances where the amount saved by business in reduced excess profits taxes would pay for the cost of other essential services. And hon. members should note with care that these are excess profits.

I cannot by any stretch of the imagination worry myself about the so-called burden carried by big business when called upon to pay the treasury taxes on their excess profits. After all, this is not a matter of paying taxes on ordinary profits. Again I emphasize that these are taxes on excess profits. According to the income tax laws, there is more than enough leeway for these large corporations to meet many obligations, which can include large amounts of money for all sorts of expenses, depreciation, sinking funds, and a great host of other items which are properly deductible under the law from excess profits. With these facts in mind, it can scarcely be said that the keeping of the excess profits tax at its former level would be a hardship on big business.

The government is considering amending the statute which deals with the excess profits tax. If this change is to be implemented, plans should be made to retain that objective whereby taxes on excess profits would continue to remain at a high level so as to ensure the government a large source of income and at the same time permit further tax reductions in the salaries of those in the lowest income brackets.

A study of the revenues the government expects from the huge taxes on items such as candy, soft drinks, chewing gum and other similar items reveals that these revenues are not so great when compared with total revenues expected. It is granted that the figures will reach a sum of about $32 million, most of which will be taken from the small allowances of young children, and from poor people, who indulge in consuming these penny products.

To make up for this loss of revenue, if these so-called nuisance taxes were either wiped out or reduced considerably, the taxes on such items as pari-mutuel bets, luxury products which only the wealthy can afford, might well be raised to meet the difference. Beyond question, the revenues received from pari-mutuel bets should be much higher than they are at the present time, on the principle that if people have money to throw away at race tracks the government should take advantage of this tendency and collect every possible cent. As the racing business is conducted today, most of the money does not go to the betting fans but rather into the coffers of the operators. I would much rather deprive race track operators of some of their dollars than increase the cost of a chocolate bar for a child. As the situation stands today, that is what is taking place.

One of the items which contributes to the high cost of living is the sales tax which, in my view, in many ways could be described as one of the nuisance taxes. Since there are

few items not subject to sales tax, a reduction of one or two per cent in this tax would reduce the cost of living by an almost similar amount. This is a subject the government might well consider, and thus give some reduction in the cost of living.

There are a number of matters to which the government should give immediate consideration, and which should be included in the next budget presented to the House of Commons. One of these is an increase in pensions for the blind. I am sure most hon. members have within the past four or five months received letters and resolutions requesting increased pensions for blind persons. Any move on the part of the government to increase these allowances to blind people would be a worthy gesture.

I should like to devote the time remaining at my disposal to a discussion of matters affecting my own constituency. I come from a part of the country which is comparatively new so far as development is concerned. The matter with which I should like to deal now has been brought to the attention of this house already by the hon. member for Portage la Prairie (Mr. Miller). It has to do with the completion of No. 10 highway from The Pas to Flin Flon, Manitoba. No doubt hon. members will wonder why I bring up this matter in the house since it is a purely provincial issue, but I do so because the government set a precedent during the war years by contributing funds to provincial governments for the construction of highways in mining areas. This was done particularly in Ontario and Quebec. I shall not take the time to give the details of the moneys provided by the federal government to construct highways in those areas.

Mr. ABBOTT: That was to open up new mining areas.

Mr. MOORE: I agree that it was to open up new mining areas. Flin Flon grew rapidly from a village in 1930 to its present size. The provincial government of Manitoba began the construction of this highway just before the war, but the construction was stopped after the outbreak of the war and for some reason they have not been able to get going again. About fifty miles of the highway needs to be constructed. This is through a difficult country and the cost of construction will be high, possibly between $450,000 and $500,000 to complete the road. Apparently the Manitoba government does not feel that it is financially capable of undertaking the job.

The people in Flin Flon have become rather tired of having to depend upon the railroad for communication with the outside world. Although the service is as good as could be expected from a second class railroad, it is not good enough for a city the size of Flin Flon. There is a growing feeling throughout the whole district that No. 10 highway should be completed as soon as possible. It would be greatly appreciated if the federal government could see its way clear to contribute at least a part of the cost of constructing this highway to the provincial government.

There is another angle from which this matter of constructing this road can be approached. According to a report made the other day by the provincial government of Manitoba, the premier of that province has announced a surplus of $4,000,000 for last year. At one time the present leader of the official opposition (Mr. Bracken) represented the provincial constituency of The Pas in the Manitoba legislature. This was when he was the premier of the province. This matter was brought up the other day by the hon. member for Portage la Prairie, a member of the Progressive Conservative party.

I think I shall send a copy of his speech to the Honourable Errick Willis, minister of public works in the provincial government, who is a member and leader of the provincial Progressive Conservative party. There is a coalition government in Manitoba and I would hope that the federal Progressive Conservative group and the provincial Progressive Conservative group could get together with the minister of public works of the province in order to bring about the much needed completion of highway No. 10.

There is just one other item with which I should like to deal at this time. This was brought up yesterday by the hon. member for Dauphin (Mr. Zaplitny) when he discussed a telegram which he had received from the board of trade regarding the inauguration of an air service between Winnipeg and Flin Flon via Dauphin and The Pas. The people in Flin Flon are particularly interested in having an air mail service included in that service and I would ask the ministers concerned to give every consideration to the inclusion of an air mail service which is so much desired by the people living in this northern area.

Mr. J. I. HAMEL (St. Maurice-Lafleche): Mr. Speaker, before proceeding with my remarks on the budget in my own language, I think this would be a proper time to congratulate my English-speaking colleagues who have used the French language in part of their speeches. To my mind they were well advised in doing so, because they showed to the

people of this country their desire for a better understanding between our people. My remarks will deal, first, with the budget and then, second, with federal-provincial relations.

As far as the budget itself is concerned, I would point out that in my opinion it is unfair to the low income groups whose situation will be worse in 1947 and 1948 than it was during the war. Coming to the federal-provincial relations, I intend to make clear that the federal proposals are based on five equivocals and they face the provinces with three alternatives. First, they are faced with the alternative of signing the agreement and giving away their legislative autonomy in the matter of direct taxation. Second, they are faced with the alternative, as far as Quebec is concerned, of losing some $50 million. Third, which arises from the second alternative, is the serious consideration by these provinces to withdraw from confederation.

(Translation):

Mr. Speaker, I wish to say a few words on the budget. I do not intend to play the financial expert, but simply to discuss this document as would the average citizen, who will be called upon to pay the costs.

Most newspapers have given a lot of publicity to the reductions announced in the speech of the Hon. the Minister of Finance (Mr. Abbott), whom I am pleased to congratulate for the extraordinary ability he showed in defending what, in my opinion, was a bad cause.

The budget introduced on April 29 last, is bad because it is antisocial and prejudicial to the family, for the following reasons:

First, indirect taxation remains at the same level and, according to forecasts, will produce $300,000,000 more than last year. One does not have to be a financial expert to realize to what extent indirect taxation, added to the price paid by the consumer, increases the cost of living.

Second, the reductions announced in the income tax are absolutely misleading. When they are considered in relation with the general economic policy of the government and the country, it becomes plain that wage-earners in the lower brackets will be more heavily burdened in 1947 and 1948 than last year.

A few figures will suffice, I believe, to prove that statement. Take the single man earning $750 a year. He will be entitled to a reduction of $6 on his income tax; on the other hand, due to the cancellation of subsidies which he previously enjoyed on certain goods, due to the increased prices of certain essential commodities, he will be more heavily burdened than last year.

Supposing that he consumed one pint of milk every day, or 183 quarts per year, he will have to pay $5.49 more on account of the removal of the milk subsidy. If he pays $12 per month for his room, the rental increase will mean for him the payment of $14.40 more during the year. Supposing, further, that he consumes one pound of butter per week, he will have to pay, under that item, $5.20 more. I could keep on adding to that list. In fact, he pays $6 less for income tax, but for three essential commodities he will have to pay $25.09 more. Can any one advance seriously the claim that the position of people in the lower salary brackets is being improved?

Those facts are all the more striking when the position of family heads is considered. Let us take the case of a married man with no children whose yearly income is $1,600. The tax reduction from which he will benefit will amount to $12. He will have to pay $10.95 more for his milk. If his rental was $20 per month, he will have to add $24 a year on account of the 10 per cent increase, and probably $7.50 to cover the rise in the price of butter. The net result is a decrease of $12 in his income tax and an increase of $42.45 in the cost of living, hence a net decrease of $30.45 in his purchasing power merely for those items.

The position of the married man with two children is still worse. If his income amounts to $1,800 the tax reduction in his case is $10. He will have to pay $21.90 more for his milk on the basis of two quarts per day. For his rent, supposing he pays $25 per month, he will have to pay $30 more for the full year. As regards butter, the extra expenditure will be $10.40, if his family's consumption is two pounds per week. The net result is a reduction of $10 in his income tax and an increase of $62.30 in the cost of living; hence a net decrease of $52.30 in his purchasing power.

Such a state of things will, to my mind, give rise to labour conflicts which are always very unfortunate for the people as the whole. In order that the working masses might be provided with a suitable purchasing power, all wage-earners, and married persons more particularly, whose income did not exceed $3,000 should pay no income tax.

To prevent our middle class—for which I have a great deal of sympathy—from being taxed too heavily as a result of the exemptions granted small wage-earners, the government should resort to radical means and bring about a monetary reform in order to reduce the budget by some $450,000,000, which amount only represents the interest we must pay.

If the small wage-earner, after considering his own case, looks over the treatment afforded corporations which draw their income from

profits, he will wonder whether at present, when companies are accumulating profits that are perhaps unequalled in history, it is fitting to eliminate taxes on excess profits.

Mr. Speaker, I wish to emphasize that I am not a socialist. In comparing the pros and cons of state enterprise with those of private enterprise, I favour the latter on principle. However, I cannot help realizing that if private enterprise is unable to exercise self-discipline and to be content with reasonable profits, it will be the main cause of its own downfall. I am not unaware that, during the war, revenue derived from capital was heavily taxed. However, in that sphere, we must not lose sight of certain things.

In the first place, as a result of the war, personal income tax has increased far more than corporation income tax.

At page 930 of the "Canada Year Book" for the year 1946, I find that personal income tax receipts increased from 46·5 millions, in round figures, in 1939 to 763 millions, in round figures, in 1945, representing an increase of over 1600 per cent.

Income tax levied on corporations, dividends and interest increased from 95 millions in 1939 to approximately 303·5 millions in 1945, representing an increase of slightly over 300 per cent.

On the other hand, as happens in practically every war, income derived from capital increased far more than that derived from labour.

Again, at page 908 of the "Canada Year Book" for the year 1946, I find that income derived from labour increased from $2,540,000,000 in 1939 to $5,037,000,000 in 1945, while income derived from investments increased from $782,000,000 in 1939 to $1,811,000,000 in 1945.

After deducting income tax in both cases, I find that income derived from labour increased by approximately 171 per cent from 1939 to 1945, while income from investments increased by some 220 per cent.

In view of the above, I wonder how the government could be justified in maintaining a tax on the incomes of small wage-earners while announcing at the same time the abolition of the excess profits tax.

I repeat that, in my humble opinion, such an attitude will give rise to industrial disputes for which the greater responsibility will fall upon the government. In order to ensure social peace and the normal distribution of production which can be derived from our economic organization, it would be but fair and just to decrease the return on capital and increase the return on labour; but we are doing exactly the opposite. No wonder that subversive theories find suitable ground in our country.

The present budget is antisocial because it grants no relief to the small taxpayer, but it is even more so as far as families, and especially large families, are concerned.

Let me give in that connection a few examples of injustice. First, the income tax reductions granted for the first two children are greater than that granted for the third child and so on.

I have here a copy of the 1946 income tax form used by taxpayers. Let us take, for example, the case of a married man whose income is $1,800 per annum. If he has not children, he will pay income tax to the extent of $172 per year. If he has one child, he pays $118 or $54 less. If he has two, he pays $64 or $108 less. The reduction is $54 for each child.

A man with three children pays $21. The average reduction for each child is brought down to $50.33. But a man with four children pays $7. The average tax reduction for each child comes down to $41.25.

This unfair treatment is coupled with the decreasing rates of family allowances.

Mr. LESAGE: Would the hon. member permit a question? Is he actually suggesting that the head of a family with four children pays $21 income tax on a salary of $1,800?

Mr. HAMEL: Those figures are taken from the last income tax form which has been distributed to taxpayers for 1946. My hon. friend will observe that the present budget is based on the same principle.

Mr. LESAGE: But it is precisely this injustice which is removed by the present budget.

Mr. HAMEL: I shall prove that the injustice remains.

Mr. LESAGE: Not on a salary of $1,800 per year.

Mr. HAMEL: Perhaps not on the same salary.

But when I look into the position of the married man with a monthly income of $200 in 1947, here is what I find, according to the income tax reduction schedule for 1947, on page 24 of the publication issued by the Department of National Revenue. He is granted a $2 monthly reduction for his first children. But this drops to $1.75 for the eighth child.

On the other hand, while family allowances amount to $8 in the case of the first children, they come down to $2 for the eighth child.

If I add to the above remarks that indirect taxes are in no way reduced but greatly increased because of the rise in the cost of living, I must conclude that the present budget is absolutely antisocial and detrimental to the family.

I wish to say a few words now on federal-provincial relations.

According to our constitution, to whom does the power of direct taxation belong? Does it belong to the provinces exclusively? Have provincial legislatures concurrent jurisdiction with the federal parliament in these matters? Have provincial legislatures higher jurisdiction than the central authority?

Some hon MEMBERS: No.

Mr. HAMEL: All those questions can be discussed by experts in constitutional law. But one thing is generally admitted and the act is very clear on this point. Provincial legislatures have the power of direct taxation. Section 92 (2) of the British North America Act is positive and unequivocal.

(Text):

In each province the legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated; that is to say,—

2. Direct taxation within the province in order to the raising of a revenue for provincial purposes.

(Translation):

In view of that legislation and of the outbreak of war, the Dominion government asked the provinces, in 1942, to relinquish temporarily their right to direct taxation.

Due to the war also, the provincial legislatures agreed to the Dominion's request, but in my opinion they did wrong. Now that the war is over, the time has come to find a permanent solution to that important problem. At the present time it seems that the stand taken by Ottawa towards the provinces is as follows: We have invaded the field of direct taxation and we intend to stay. Whether or not you sign the proposed agreement depends on you. If you sign, we will give you in return, in the case of the province of Quebec, something like 50 million dollars. If you refuse to sign, and it is up to you—cynical is it not—we shall not give you anything and we shall continue to collect personal and corporation income taxes as well as succession duties, in the same manner and at the same rate for all provinces. To remove any doubt in regard to my interpretation of the Dominion government's attitude, I shall quote the following from the budget speech delivered by the Minister of Finance on April 29 last:

Should all three provinces entertain agreements effective this year, our expenditures will be increased by an additional $110 million or thereabouts. If they do not, then we can reduce our net debt in proportion.

It is obvious, Mr. Speaker, that the two central provinces cannot afford to give the dominion government a 100 or 110 million dollars per year.

Mr. GAGNON: True.

Mr. HAMEL: In my humble opinion, three solutions may be contemplated by the Quebec and Ontario legislatures.

In the first place, they can yield to the ultimatum of the Dominion government, accept the proposals and relinquish their legislative autonomy in the field of direct taxation which may become by far the most important.

In the second place, they can refuse to submit to the ultimatum from Ottawa and thus lose 50 million dollars per year to the benefit of the central government.

In the third place, and in my opinion it is a logical result of the second solution—those provinces may seriously consider their withdrawal from Confederation.

I do not intend to discuss each of the three solutions. I shall simply point out a few reasons which, to my mind, fully justify the stand taken by the province of Quebec and the rejection of the Dominion proposals by its premier. The proposals are based mostly on evasion.

First, the Dominion's evasive attitude in offering temporary agreements and claiming at the same time that their chief purpose is the creation of a permanent system of social security.

Second, the Dominion government is being unfair in taking advantage of possibly different circumstances in other provinces to thrust an identical solution upon Quebec and Ontario. Separate agreements in this instance are unfair and create uncertainty. Some provinces are kept wondering if their neighbours have been granted better terms.

Third, the doubt being fostered in the public mind as to the real reasons for the pressure from Ottawa. The public is led to believe that the main reason for the agreement is to guarantee the Canadian people a plan of social security which they would be first to enjoy whereas, in my humble opinion, the real reason for the Dominion's insistence on the exclusive right to direct taxation is a desire for more freedom to engage in foreign commitments, such as export credits, last year's

remission to Great Britain of an incalculable debt and, finally, the billion and a quarter loan to the United Kingdom.

Fourth, the doubts cast in every responsible people's mind by the statement of the Hon. Minister of Finance, on January 25 last, when he said:

> In stating the particulars of this programme, the substantially higher payments now being offered by the dominion to the provinces must be taken into account. The increased direct payments offered the provinces will require a proportional adjustment in the previously offered expenditures for the implementation of social security programmes and public investments.

Fifth, ambiguity as to the real object pursued by the central power. In view of the difference between the preliminary and final proposals, there is doubt as to whether the real intention, the real object of the central power is not, first and foremost, that of interfering with provincial jurisdictions, of controlling the expenditures of the provinces, in short, of placing them under trusteeship.

Ambiguity as to the objects; ambiguity as to the real meaning of the proposals; ambiguity as to the real motives behind the proposed agreements; ambiguity as to their duration; ambiguities resulting from separate agreements; ambiguities in the statement of the Minister of Finance, as appearing in his press release of January 25, 1947.

Mr. Speaker, I am not a supporter of the Union Nationale, but I cannot refrain from commending the stand taken by the premier of the province of Quebec, when he refused to jeopardize, on the strength of such ambiguities, the provincial legislative autonomy in such an important section of the fiscal field.

Mr. HARTT: There is a real premier!

Mr. HAMEL: Mr. Speaker, the present and future importance of these financial discussions between the federal and provincial governments, cannot be hidden from the people. My hon. friends are laughing, but they may not be laughing later on. Whether we like it or not, in my humble opinion, the fact that the central power has monopolized, besides all the fields already available to it, the complete fields of direct taxation, will inevitably reduce the provincial governments to the rank of servants of the central power. What is being done today will also be done tomorrow. Then, as now, the provinces will be told to sign some agreement, to accept certain terms, or be deprived of all help. Today, in a matter of subsidy for general provincial administrative purposes, Ottawa orders: "Accept certain terms or I shall deprive you of $50,000,000 a year"—as far as the province of Quebec is concerned. But tomorrow, dealing with a special subsidy for educational, agricultural or health purposes, Ottawa will say: "Certain agreements have been concluded with UNESCO; unless you accept the non-confessional school system, you shall be deprived of such a subsidy. Unless you adopt such or such a method, such or such a system of farming, you shall be deprived of such other subsidies" and inevitably the Quebec people will have to sacrifice piecemeal their traditions, their culture, their characteristics, for the safeguard of which they had to wage a two-century struggle.

Moreover, it seems that the central government displays an inconceivable cynicism when they ask the province of Quebec to renounce its legislative autonomy as regards direct taxation, at the very moment when the treatment meted out to the French-speaking minority is more unfair than it has ever been since the battle of the Plains of Abraham.

Mr. HARTT: That is certainly untrue.

Mr. GAGNON: It is quite true.

Mr. HAMEL: I might perhaps point out a few examples of such treatment.

Let us consider first the housing question: the dominion government takes it upon itself to meddle with that problem by granting money and priorities.

Mr. LESAGE: It has to do so, since the provincial government takes no action!

Mr. HAMEL: As a result, in all metropolitan areas, except those of the province of Quebec, the building of houses in 1946 showed an increase of 12·71 per cent. In the case of the Quebec metropolitan area—and I call the attention of the hon. member for Montmagny-L'Islet to that fact—it has decreased by 7·40 per cent from 1945 to 1946. For the Montreal metropolitan area—I ask the hon. members on the other side of the house to note those figures—the decrease in 1946 as compared with 1945 is 22·47 per cent, while general building in this country increased by 12·71 per cent, according to figures on housing that were published by the dominion bureau of statistics.

Mr. BELZILE: Would the hon. member permit me a question?

Mr. HAMEL: Certainly.

Mr. BELZILE: Do the statistics to which my hon. friend has just referred include the houses built under the veterans housing act?

Mr. HAMEL: They relate to general building, and I may say to my hon. friend that I propose to discuss the stand taken by the Minister of Reconstruction and Supply (Mr.

Howe). I shall prove that in the case of all grants which the government pays in connection with the building of houses for veterans or others, the province of Quebec is the least favoured of all.

Mr. LESAGE: Because the veterans are less numerous there.

Mr. HAMEL: Ottawa has entered the sphere of social welfare through the establishment of family allowances. I have studied various systems of allowances in some thirty countries, British or other, and I must say that none of the methods followed includes a decreasing rate when the children exceed a certain number; on the contrary, the trend is toward the increase of the benefits for the larger families. Here, in Canada, because it so happens that large families are especially to be found among the French Canadians and certain non-British new Canadians, there has been developed a system which is duplicated nowhere in the world, and through which the following result is obtained:

Outside the Northwest Territories and Yukon, where the average allowance per child is $5.87, Quebec has the lowest rate, $5.88, while it is $6.62 in Ontario.

Mr. GAGNON: That is for Ontario.

Mr. HAMEL: Now, Mr. Speaker, what about the dominion civil service? With respect to the French-speaking element, the situation in that sphere is such that, as my hon. friends opposite will no doubt admit, since I presume they are honest and sincere, it threatens to shower ridicule upon all members of the federal house.

An hon. MEMBER: That is true!

Mr. HAMEL: According to the 1941 census, the French-speaking minority represents 30·27 per cent of the whole population while the proportion of French-speaking employees did not exceed 12·25 per cent. I do not hesitate to say that the government service is thus depriving the French-speaking population of some $30 to $40 million and of some 20,000 employment opportunities. This state of things has caused such a commotion in the province of Quebec that a public and independent organization, such as the Montreal Chamber of Commerce, fully realizing that this intolerable situation threatened good understanding and national unity, felt in duty bound to submit a report to the Gordon Commission. The Quebec legislature unanimously sent the dominion government an official protest and was supported by the hon. members opposite as well as by the Quebec Liberals.

As a result, the government, in an attempt to ignore the unjust state of things they wish to maintain and to blind the observing and accusing eye, instead of righting this revolting unfairness, has decided to leave out of the census all differentiation pertaining to racial origin. In the last census, that of 1946, they already took steps to this end by omitting, in open violation of the Statistics Act, Chapter 190, section 19, this differentiation which is required by law.

Mr. GAGNON: That is true!

Mr. HAMEL: There is not one French-speaking deputy minister in 22; this has been unheard of since confederation. Yet, it is claimed up and down the province that the Prime Minister, who is responsible for these appointments, is the friend of French-Canadians. The joke has worn threadbare.

Even the dominion proposals, however, uphold an intolerable discrimination. Subsidies vary according to each province, here as elsewhere; the per capita grant paid to the province of Quebec will be the lowest in the country. Ontario's will amount to $18.04, Alberta's to $18.64, Saskatchewan's to $19.03, Nova Scotia's to $19.20, New Brunswick's to $19.69, Manitoba's to $19.77, British Columbia's to $21.29 and Prince Edward Island's to $24.31, while that of Quebec will be only $17.29, namely, $2.37 less than the average rate.

An hon. MEMBER: What was it at the time of confederation.

Mr. HAMEL: Let my hon. friend be patient and I will inform him of what happened at that time when it came to divide the debts.

Mr. GAGNON: He is annoyed by all this.

Mr. HAMEL: In view of those facts, I say without hesitation that the present dominion proposals are indefensible as far as the province of Quebec is concerned, and those who support them are shouldering a heavy responsibility towards future generations, and I wish it to be known that I am above party politics. That responsibility is even greater since hon. members to your right, sir, are, according to some newspapermen, perhaps the most brilliant to sit here for many generations, that responsibility is even greater because those hon. members are absolutely unable to correct discriminations which, I sincerely hope, must deeply humiliate them. Before asking their French-speaking compatriots to approve a

programme that will inevitably weaken provincial authority to the benefit of Ottawa, my hon. friends should seriously consider the attitude they should take and place the welfare of their compatriots above party politics.

(Text):

Mr. BONA ARSENAULT (Bonaventure): Mr. Speaker, the hon. member for St. Maurice-Lafleche (Mr. Hamel) who has just resumed his seat has interpreted the nationalist or the autonomous point of view in so far as federal provincial relations are concerned. The hon. member is an experienced lawyer. He is an able speaker, but unfortunately, I am afraid he has not succeeded in convincing many members this afternoon.

Mr. GAGNON: Not on your side.

Mr. HAMEL: Maybe we know why.

Mr. ARSENAULT: There are two over there who are convinced, but they were convinced before listening to the speech. I have listened carefully to the hon. member's speech, and from the notes which I took while he was speaking I gather that the hon. member for St. Maurice-Lafleche and those whom he represents still wonder what are the real reasons for the federal proposals to the provinces. In the second place, he claims that the federal proposals violate provincial autonomy. If I am wrong. I wish to be corrected.

Mr. HAMEL: I did not get the first reason, but the second is certainly true.

Mr. ARSENAULT: All right. Third, he claims that the province of Quebec has an exclusive right in matters of direct taxation. Fourth, he denounced the separate arrangements between the federal government and the provinces as being an unjust practice. I shall endeavour to answer the hon. member point by point, and it is a very easy task, Mr. Speaker. The hon. member represented his school of thought in so far as federal-provincial relations are concerned. I represent another one, and I am proud of it.

Let me deal with the first point: What are the reasons for the federal proposals to the provinces? A careful study of economic fluctuations in Great Britain and Canada covering a period of 150 years indicates that since 1815 we have suffered from fourteen major economic depressions at various intervals ranging from six to ten years: in 1815, economic crisis; in 1825, economic crisis; 1836, economic crisis; 1847, economic crisis; 1857, economic crisis; 1866, economic crisis; 1885, 1895, 1905, 1915, 1921, 1929, 1937—economic crises.

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

Mr. ARSENAULT: Certainly, with pleasure.

[Mr. Hamel.]

(Translation):

Mr. HAMEL: Is the hon. member suggesting that the depressions he mentioned were not exactly universal, that they did not extend to England, France, Belgium and the whole world, but only to Canada?

Mr. ARSENAULT: It was universal precisely because no country had done anything to prevent it and in making such offers to the provinces, the Dominion government is seeking to avoid the next depression, which would be the fifteenth.

(Text):

From the sad experience of the past and particularly from our more recent experience of the thirties, we should be desperately blind if we did not now take the necessary steps to adopt measures in order to protect the Canadian population, as I have just said in French, against the calamity of another economic crisis, which, according to the trend of the past and under the conditions which have prevailed so far, is due for 1949 or 1950. Therefore it is the duty of this government and our first duty as members of this parliament to see to it that the Canadian people of all regions and all classes, the Canadian people whom we represent in this house, do not experience once again at least in our lifetime the social injustices, the sufferings and the iniquities which will be brought about by another, the fifteenth, economic crisis.

In a country as great as Canada, so immensely rich in lands, forests, fisheries, minerals and other natural resources, with a small population of not quite 13,000,000 inhabitants, we do not want, as was suggested by the hon. member for St. Maurice-Lafleche, to go back to the conditions which prevailed in 1921, for example, or in 1930, or even to the conditions which prevailed from 1937 to 1939, because, if we remember well, the last economic crisis was sunk in the rivers of blood of the last great war. We do not want to see again in this country thousands of Canadians on direct relief, or living in a state next to starvation merely because of the lack of proper provision in the constitution of this country, or the lack of collaboration between federal and provincial powers, or, in other words, because of the blindness, the short-sightedness and the foolishness of men.

If peace is to guarantee anything to the Canadian citizen it must at least guarantee full employment, just compensation for employment, and the establishment of a liberty of enterprise truly and positively democratic. The sort of economy we have

experienced in the past, particularly from 1918 to 1939, between the two world wars, cannot guarantee either full employment, just compensation for a good day's work, or the establishment of a truly democratic liberty of enterprise. I for one would hate to think that future conditions of employment in this country could be, as has been the case in the past, solely determined by the private judgment, good or bad, of individuals, ignorant or speculative or selfish or short-sighted, who, within less than twenty-five years, have led the Canadian population to the graveyards of two major economic crises.

That is to say, Mr. Speaker, that, from now on, economic forces will have to be curbed or guided in this country. From now on, if we want to avoid the tragic consequences of another economic depression the responsibility for full employment in Canada must rest upon the federal government. We cannot go back to the past. We are headed for the future; and in the future this Canadian government will have as its first duty to exercise a guiding influence on the propensity of the Canadian people to consume; for example, partly through the government's scheme of taxation, partly by influencing rates of interest or promoting investments, and partly by other devices such as developing Canada's international trade, for example, and so forth. Whether we like it or not, this means that we have now reached the point in our economy where, in these ever-changing world conditions, this country needs a certain amount of planned economy; that we have reached a point where the devices necessary to ensure full employment will involve a larger extension of the traditional functions of the federal government.

Mr. HAMEL: Would the hon. member permit another question?

Mr. ARSENAULT: Certainly.

(Translation):

Mr. HAMEL: Will the hon. member permit a question? Is he satisfied with the present distribution of public moneys in Canada?

Mr. ARSENAULT: We are surely not satisfied, since the Dominion government has been trying for two years to conclude agreements with the provinces in order to establish in Canada a taxation system that would be exactly suitable to present conditions. It is quite clear that we are not satisfied—it is self-evident.

(Text):

Under the worn-out system of laissez-faire, no means is open to the federal government of this country to rectify economic distress except through competitive struggles for outside markets. We have now to learn—and this is important, because this is where wars come from—how to provide permanent prosperity and full employment in this country by applying adequate and proper adjustments to our domestic policy. International trade should cease to be what it has been in the past, a desperate expedient to maintain employment at home by forcing sales on foreign markets, by merely shifting our unemployment problems to other countries. This government, conscious of its responsibility toward the Canadian people and strong in the experience of the past, is seeking the best possible devices in order to achieve that end of attaining full employment and assuring the progress and prosperity of this country.

In so far as the prevention of economic depressions is concerned, we cannot but readily admit that the federal government has grave responsibilities. And in order that this government may stabilize—and I should like the hon. member for St. Maurice-Lafleche to listen to this carefully—the volume of employment in Canada in such a way as to prevent another economic crisis, it is essential that our fiscal policy be perfectly harmonized with our international trade policy, with our tariff policy and with our monetary policy, all four of which fall under federal jurisdiction.

In making its proposals to the provinces, the federal government has clearly expressed its views on how the objectives set forth can be attained. Its view may be summarized briefly by quoting four paragraphs from page 7 of the federal proposals of August, 1945. They are:

> First, to facilitate private enterprise to produce and provide employment.
>
> Secondly, to promote bold action by the state in those fields in which the public interest calls for public enterprise in national development.
>
> Thirdly, to provide through public investment, productive employment for our human and physical resources when international and other conditions adversely affect employment.
>
> Fourthly, to provide on the basis of small regular payments against large and uncertain individual risks for such hazards and disabilities as unemployment, sickness and old age.

The hon. member for St. Maurice-Lafleche claimed that federal proposals violate provincial autonomy. I shall not place in doubt the sincerity and good faith of the hon. member, and of those who have opposed and are still opposing the federal proposals to the provinces. But what I will place in doubt is their ability to seize the urgent problems this

government has to solve in the best interests of the whole of the Canadian community, with a broad Canadian outlook on such problems.

Prosperity, as peace, is indivisible. It is impossible for one province or group of provinces in this country to be prosperous while others are maintained under a struggle of want and fear. In 1867 we decided that this Canada should be one nation, from one ocean to the other. If we have not changed our view, we today must let this nation act as such, when the life or death of the Canadian population is involved.

We have heard a lot from the hon. member for St. Maurice-Lafleche about provincial autonomy. May I state, in the most forceful language possible, that there are no more able, no more efficient and no more sincere champions of provincial autonomy, that real autonomy for example which means the guarantee of fundamental rights to each and every province in confederation, than the members of the Liberal party in this House of Commons. And I challenge anyone in the house or outside it to point his finger to a single item in the federal proposals to the provinces which violates any of the fundamental rights guaranteed the provinces by confederation.

Hiding behind a smoke-screen of so-called liberty of the individual, of so-called provincial autonomy, of so-called respect for constitutional rights—and it is all for political purposes; they might as well admit it—those opposed to the federal proposals constitute themselves—

(Translation):

Mr. HAMEL: Mr. Speaker, on a point of order. The hon. member for Bonaventure (Mr. Arsenault) has no right to impute motives.

Some hon. MEMBERS: They are not motives.

(Text):

Mr. ARSENAULT: —the most effective agents, not only of economic depression, but of the establishment of communism in this country; for I do not believe for one moment that our democratic system can survive another major economic crisis in Canada.

They pretend to see a question of fundamental rights where there is nothing but a matter of dollars and cents. They endeavour to paralyse the action of this government which for two long years has struggled to try to compensate for the deficiency in our constitution on financial and fiscal matters in endeavouring to establish the best possible basis of federal and provincial cooperation, as an essential part of a kind of new deal which must be worked out in order to readjust our fiscal system, to encourage public investment and the expansion of private industry, to open markets to agriculture and primary industry, to expand our export markets and to maintain a high level of national income—not merely a higher standard of living—to ensure continued opportunity for full employment and to devise a sound and consistent programme of post-war reconstruction and public works, and to widen and develop social security services in Canada. All these measures are devised in order to protect and to safeguard the Canadian public against another economic cataclysm. Those who today, under various pretexts, oppose the means of achieving those objectives, by way of federal-provincial collaboration, certainly do not realize the awful harm they are doing their country.

We who represent constituencies from Quebec will recall that until 1937, under the pretext of infringement upon provincial autonomy, old age pensions were denied the old people in the province of Quebec, pensions such as provided by the Old Age Pensions Act.

(Translation):

Mr. GAGNON: Did Mr. Taschereau do that?

Mr. ARSENAULT: Certainly. It was passed by Mr. Taschereau in 1936.

(Text):

While the other provinces of Canada were taking advantage of the Old Age Pensions Act, for ten long years we in Quebec were arguing, as we are arguing today, over provincial autonomy; and this at the cost of millions and millions of dollars lost forever to our old people. At the same time the population of Quebec was subject to federal taxation to the extent of about one-third of the total revenue of Canada. For a period of ten years the aged people have lost millions of dollars, while they have paid millions in taxes for the benefit of the aged people of other provinces. Since 1937, when the aged people in Quebec were first able to take advantage of the Old Age Pensions Act, have we in Quebec lost any of our so-called sacred rights?

It will be remembered that when the measure providing for family allowances was introduced by the Mackenzie King government in 1944 the cry of so-called provincial autonomy and so-called sacred rights was raised in the province of Quebec and in at least one other province. For weeks and weeks in this house members of the Con-

servative party forcefully denounced the establishment of family allowances throughout Canada.

Mr. KNOWLES: But they stood up and voted for them.

Mr. ARSENAULT: Have we in Quebec lost any of our so-called sacred rights by permitting family allowances to be distributed in Quebec on the same basis as they are distributed in other parts of Canada? After two years of experience in the distribution of family allowances, who will take the risk to deny to any low wage-earner's family in Canada the right to take advantage of the Family Allowances Act on the pretext or even the ground that it might transgress some confused section of the British North America Act?

And again today, at a time when it is found essential, in the best interests of all the provinces of Canada and of the Canadian population at large, to put some order in our Canadian homes, to prevent an economic depression, to check deflation which affects the low wage-earners of this country in the worst way, which leads individual enterprise and small industry to bankruptcy and which constitutes the hot bed of revolutionary ideas and communism, we still hear from some people the cries of provincial autonomy, constitutional rights and sacred rights.

I am all in favour of provincial autonomy, but not that type of autonomy which teaches to the younger generation of this country that Ottawa is the capital city of some foreign nation where there are to be found bitter enemies of confederation and provincial autonomy.

The third point raised by the hon. member for St. Maurice-Lafleche was that the province of Quebec has the exclusive right in matters of direct taxation. Direct taxation is one of the grounds upon which they fight the federal government proposals.

(Translation):

Mr. HAMEL: Mr. Speaker, I wish to remind the hon. member that I did not use those words.

(Text):

Mr. ARSENAULT: I am happy to find out that the hon. member for St. Maurice-Lafleche is already changing the views he expressed in his speech.

(Translation):

Mr. HAMEL: That is untrue!

(Text):

Mr. KNOWLES: How long since you changed your own?

Mr. ARSENAULT: Section 92, subsection 2, of the constitution gives the power of direct taxation to the provinces "within the province in order to the raising of a revenue for provincial purposes." However, it is a fact that section 91, subsection 3, of the British North America Act gives the Canadian parliament the power of raising of money by any mode or system of taxation. That means direct as well as indirect taxation. This power has been confirmed over and over again by the judicial committee of the privy council. For instance, a decision of the judicial committee in 1932 in Silver Brothers versus the Attorney General for Quebec and the Attorney General for Canada reads:

> The two taxations, dominion and provincial, can stand side by side without interfering with each other, but as soon as you come to the concomitant privilege of absolute priority they cannot stand side by side and must clash; consequently the dominion must prevail.

In connection with the federal right to direct taxation, there is another decision of the judicial committee in 1924 in Caron versus The King, which reads:

> The dominion income tax is intra vires of the dominion parliament, and its application to the salaries of a provincial government minister is valid.

The last decision I should like to quote is one given in 1937 in Forbes versus the Attorney General for Manitoba, which reads:

> Lastly, there is here no conflict between the dominion and provincial income tax legislation. Both income tax may co-exist and be enforced without clashing, and there is no room for the application of the doctrine of the occupied field.

In view of the very text of our constitution and the many decisions of the judicial committee granting the Canadian parliament unlimited power in the matter of direct as well as indirect taxation, how can this government be accused of wanting to reach some agreement with the provinces for the sole purpose of securing new fields of taxation when it is so clearly established that the Canadian parliament has already both fields of taxation, direct as well as indirect, at its unlimited disposal.

Some hon. MEMBERS: Six o'clock.

Mr. ARSENAULT: It will take me only five minutes to finish.

Mr. SPEAKER: Has the hon. member unanimous consent?

Some hon. MEMBERS: Go on.

Mr. ARSENAULT: Where and how do the federal proposals infringe on provincial autonomy? There have been repeated demands for a new conference with the provinces following the failure of so many dominion-provincial conferences. The hon. member for St. Maurice-Lafleche claims that a separate arrangement between the federal government and an individual province is following an unjust practice. If the autonomy of any province is to be respected, then a conference of the provinces would have no power over that individual province.

Seven provinces have now accepted the federal government proposals in order to avoid double taxation. No new conference of the provinces could make those seven provinces give up their agreements with the Canadian government. No new conference of provinces could force the remaining two provinces to enter into a financial arrangement with the federal government if they do not want to. The idea of renting by one government of fields of taxation to another government is a tragic admission of a serious weakness in our constitution, but a dominion-provincial conference would have no power to amend the constitution, no more than it has the power to dictate the course that any individual province should follow.

However, there should be a permanent division of the direct taxation field between the federal government and the provinces. In order to achieve that objective, there would have to be an amendment to the constitution in connection with the division of fiscal powers. It is obvious that certain of the direct taxation powers should be assigned exclusively to the provinces, but this has not as yet been done, either by the text of the constitution, or by the decisions of the judicial committee.

The amendment of our constitution should not be long delayed, unless the Canadian government reaches a satisfactory basis of cooperation with all the provinces. The risk of another economic depression and of communism is too great in this country for us to lose any more time arguing over such an important issue.

(Translation):

Mr. RAYMOND (Beauharnois-Laprairie): Will the hon. member permit a question?

Mr. ARSENAULT: Certainly.

Mr. RAYMOND (Beauharnois-Laprairie): Inasmuch as taxes are paid by the same persons, where is the advantage in having them collected by the Dominion government rather than by the provincial government?

[Mr. Speaker.]

(Text):

Mr. ARSENAULT: It is a matter of what the federal government is aiming at to avoid double taxation in this country. Time is for action, and I do not see that we have too much time ahead of us. I suggest that the whole question of federal-provincial relations should now soon be referred to the people of Canada as the main issue to be settled at the earliest possible day by way of a general election; and wishing that for the good of this country we some day in Canada benefit by perfect harmony between the federal and provincial powers, may I be permitted, before resuming my seat, to quote two paragraphs from page 408 of "Problems of Canadian Sovereignty", by Doctor Maurice Ollivier:

> Two classes of people have been the enemies of Canadian unity; those who have placed another country above Canada in their love, affection and admiration, ever stressing the alleged superiority of that country over our own, and secondly, those nationalists with a narrow provincial concept who have constantly attacked the federal power just as if the provinces were not represented at Ottawa and were not part of the federal system but separate entities fighting a foreign government.
>
> They have wilfully confused provincial rights with minority rights and constantly refused to acknowledge that what benefited one province was for the advantage of the other.
>
> Canada as a whole cannot be happy and prosperous when one part suffers from poverty, sickness, deplorable living conditions or drought whether these be the result of low wages, bad housing or an act of God.
>
> We should, therefore, bend our efforts to maintain in this country popular government, individual liberty and social justice as the only means capable of assuring to all an equal chance to work and to profit from the better life that comes with material progress, in other words, of guaranteeing to all, freedom from want and freedom from fear, remembering that economic and political nationalism has always, in the past, created racial strife and world disasters.

On motion of Mr. St. Laurent the house adjourned at 6.07 p.m.

Thursday, May 22, 1947

The house met at three o'clock.

REPORTS OF COMMITTEES

MISCELLANEOUS PRIVATE BILLS—FIRST AND SECOND REPORTS

Mr. RALPH MAYBANK (Winnipeg South Centre) presented the first and second reports of the standing committee on miscellaneous private bills, and moved that the first report be concurred in.

Motion agreed to.

UNITED NATIONS

SPECIAL COMMITTEE TO CONSIDER PALESTINE QUESTION—COMMUNICATION FROM SECRETARY-GENERAL

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, I beg leave to table an official communication received from the Secretary-General of the United Nations Organization, Lake Success, by the Department of External Affairs on May 15. It is a resolution reading in part as follows:

Whereas the general assembly of the united nations has been called into special session for the purpose of constituting and instructing a special committee to prepare for the consideration at the next regular session of the assembly a report on the question of Palestine.

The general assembly resolves that:

1. A special committee be created for the above-mentioned purpose, consisting of the representatives of Australia, Canada, Czechoslovakia, Guatemala, India, Iran, Netherlands, Peru, Sweden, Uruguay, and Yugoslavia;

2. The special committee shall have the widest powers to ascertain and record facts, and to investigate all questions and issues relevant to the problem of Palestine;

3. The special committee shall determine its own procedure;

4. The special committee shall conduct investigations in Palestine and wherever it may deem useful, receive and examine written or oral testimony, whichever it may consider appropriate in each case, from the mandatory power, from representatives of the population of Palestine, from governments and from such organizations and individuals as it may deem necessary;

5. The special committee shall give the most careful consideration to the religious interests in Palestine of Islam, Judaism, and Christianity;

6. The special committee shall prepare a report to the general assembly and shall submit such proposals as it may consider appropriate for the solution of the problem of Palestine;

7. The special committee's report shall be communicated to the secretary-general not later than 1st September, 1947, in order that it may be circulated to the members of the united nations in time for consideration by the second regular session of the general assembly.

The communication contains this further paragraph:

Report of first committee as approved by general assembly contains paragraph relating to composition of special committee which reads as follows:

The committee associated itself with the views expressed by the representative of Venezuela that the states, members of the special committee, should appoint persons of high moral character and of recognized competence in international affairs, and that those appointed would act impartially and conscientiously, in accordance with the purposes and principles of the charter of the united nations.

I have pleasure in informing the house that Mr. Justice I. C. Rand, of the Supreme Court of Canada, has accepted the task of representing Canada on this committee. He will be accompanied by Mr. Leon Mayrand, of the Department of External Affairs.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

PHYSICAL EXAMINATION OF PROSPECTIVE IMMIGRANTS

Mr. DIEFENBAKER:

1. How many (a) Hollanders; (b) Belgians, have been accepted for immigration to Canada since the first of January this year?

2. Of those accepted, how many have arrived in Canada as of this date?

3. How many doctors whose duties are to physically examine prospective immigrants to Canada are engaged by the Canadian government in (a) Holland; (b) Belgium; (c) France; (d) United Kingdom?

Mr. MacKINNON:

1. Information not available.

2. Information in form asked for not available. 264 immigrants of Dutch origin and 63 persons of Belgian origin were admitted to Canada from overseas between January 1 and March 31, 1947. Figures for April, 1947, are not yet available.

3. Holland, 1; Belgium, 1; France, 1; United Kingdom, 4.

MOUNTED POLICE—DR. BRAITHWAITE

Mr. KNOWLES:

1. When did Dr. E. A. Braithwaite first join the force of the N.W.M.P.

2. For how many years was Dr. Braithwaite on the force and/or on the payroll of the NW.M.P., the R.N.W.M.P., and the Royal Canadian Mounted Police?

3. What positions did Dr. Braithwaite hold in connection with the above?

4. On what date was he finally retired?

5. Is he on pension?

6. If not, for what reason?

7. Has he applied for pension? If so, what steps have been taken to grant same?

Mr. ILSLEY:

1. May 7, 1884.

2. (a) Actually in the force from May 7, 1884, to May 6, 1892. (b) He then became a medical doctor and later was appointed a contract surgeon to the force, during which time he had a private practice. He was on the pay roll as a contract surgeon from March 1, 1894, to December 31, 1931.

3. During the period shown in 2(a) he was a staff sergeant. During the period shown in 2(b) he was a contract surgeon, but in recognition of his long and faithful service he was appointed an honorary surgeon by order in council of November 16, 1911.

4. December 31, 1931.

5. No.

6. He was not an actual member of the force, except for the period shown in 2(a) and is therefore not eligible for pension. Furthermore, he was not a contributor to the pension fund.

7. Yes. No steps taken by the government to grant pension as it has no authority to grant pension.

CENTRAL MORTGAGE AND HOUSING CORPORATION —INSURANCE COMPANIES

Mr. LENNARD:

What are the names of the insurance companies operating in conjunction with the Central Mortgage and Housing Corporation?

Mr. McILRAITH: As of May 20, 1947, the following: Canada Life Assurance Company, Confederation Life Association, Continental Life Insurance Company, Crown Life Insurance Company, Dominion Life Assurance Company, Equitable Life Insurance Company of Canada, Great-West Life Assurance Company, Industrial Life Insurance Company, London Life Insurance Company, Manufacturers Life Insurance Company, Montreal Life Insurance Company, Mutual Life Assurance Company of Canada, North American Life Assurance Company, Northern Life Assurance Company, Prudential Insurance Company of America, Sovereign Life Assurance Company of Canada, Sun Life Assurance Company of Canada, T. Eaton Life Assurance Company.

JAPANESE CANADIANS—SABOTAGE

Mr. KNOWLES:

1. Were any Canadian citizens of Japanese racial origin who were resident in Canada during the period of the war with Japan (a) charged with, or (b) found guilty of acts of sabotage? If so, how many were charged and how many were found guilty?

2. Were any persons of Japanese racial origin who were not Canadian citizens but who were resident in Canada during the period of the war with Japan (a) charged with, or (b) found guilty of acts of sabotage? If so, how many were charged and how many were found guilty?

Mr. ILSLEY:

1. (a) Not so far as the government is aware. (b) Not so far as the government is aware.

2. (a) Not so far as the government is aware. (b) Not so far as the government is aware.

[Mr. Ilsley.]

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN CITIZENSHIP—FORMER CANADIANS IN GERMANY AND ITALY

Mr. WINKLER:

1. How many cases have been reported to the government where Canadians visiting in (a) Germany; (b) Italy, prior to world war II, were either induced to renounce their Canadian (British) nationality voluntarily or under duress?

2. Of the above, how many ex-Canadians have applied to have their Canadian citizenship renewed?

3. Of the above, how many had their holdings taken over by the Alien Property Custodian?

4. Of the above, how many have (a) returned to Canada; (b) indicated a desire to return to Canada?

Mr. GIBSON (Hamilton West): Return tabled.

WESTMINSTER HOSPITAL, MIDDLESEX COUNTY

Mr. WHITE (Middlesex East):

1. How many employees at Westminster hospital, county of Middlesex are on a temporary basis?

2. What number of years has each of them been temporarily employed?

3. How many are on a permanent basis?

4. How many employees of the dominion government in the county of Middlesex, other than Westminster hospital, are on a temporary basis?

5. What number of years has each of them been temporarily employed?

6. How many are on a permanent basis?

JUDGES ACT

ASSOCIATE CHIEF JUSTICE, PROVINCE OF QUEBEC— ADDITIONAL JUDGE IN BRITISH COLUMBIA

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

That it is expedient to present a measure to amend The Judges Act, 1946, to change the title of the superior court judge in and for the province of Quebec, who is appointed to perform the duties of the chief justice in the district as constituted for the Court of King's Bench sitting in appeal within which the chief justice does not reside, Montreal or Quebec, as the case may be, to "The Associate Chief Justice"; and to provide a salary for an additional judge of the Supreme Court of British Columbia.

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.

Mr. CHURCH: The same principle should apply to the senior judge of the county court of York, Ontario, who does similar work.

Motion agreed to.

INDUSTRIAL RELATIONS

INVESTIGATION OF INDUSTRIAL DISPUTES—PROVISION FOR BOARDS AND COMMISSIONS, ETC.

Hon. HUMPHREY MITCHELL (Minister of Labour) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill respecting industrial relations and investigation of industrial disputes and to make provision therein for the payment out of the consolidated revenue fund of the remuneration and expenses of the members of the boards and commissions and the officers, clerks and employees appointed or engaged by or under the authority of the 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.

PRAIRIE FARM ASSISTANCE

CROP FAILURE PAYMENTS—AWARDS TO FARMERS WITH MINIMUM PRODUCTION

Right Hon. J. G. GARDINER (Minister of Agriculture) 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 Prairie Farm Assistance Act, 1939, to provide that the two schedules of payment now provided under the emergency year section and the crop failure section be merged and become payable in any year without specific authority from the governor in council and without requiring that a minimum number of townships be eligible before the crop failure schedule of award is payable; that the restriction in respect to the payment of awards to farmers with a certain minimum production of wheat may be removed; and that certain provisions be clarified in order to facilitate administration.

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.

PRAIRIE FARM REHABILITATION

STATEMENT OF PRESENT POLICY

On the orders of the day:

Right Hon. J. G. GARDINER (Minister of Agriculture): In answer to questions asked previously on the orders of the day, I should like to make a statement.

The question whether the principles of the Prairie Farm Rehabilitation Act should be extended to all Canada by legislation this session has been up on a number of occasions during the session. As previously stated in answer to questions by members, the government has been considering the matter. I am now authorized to make the following statement of present policy.

The present Prairie Farm Rehabilitation Act will be continued as applicable to the established P.F.R.A. area in the three prairie provinces, Manitoba, Saskatchewan and Alberta.

This act was passed in 1935 and amended in 1937, 1939 and 1941. It provides that works may be undertaken to rehabilitate certain areas in the prairie provinces even though the constitutional position is that such works are the responsibility of the province or municipality. There were, however, a number of special circumstances which justified P.F.R.A. Included in these is the fact that the dominion government administered the lands and resources of the area during its period of settlement and the further fact that there was reason to believe at that time that a very large area was subject to drought so severe and of such long duration as to make permanent residence difficult if not impossible without conservation and distribution of water. The experience prior to 1935 tended to substantiate that belief. The dominion government therefore set up P.F.R.A. under which the settlers are assisted to rehabilitate the area.

The act provides that on the advice of committees set up under authority of the act and to obtain certain results the minister may expend such money as is voted by parliament and authorized by the governor in council for "the development, construction, promotion operation and maintenance of any project or scheme under or by virtue of this Act, or enter into agreements with any province, municipality or person with respect thereto."

The organization set up by the Department of Agriculture has been operating under this act since 1935. The money voted has been spent to conserve and distribute water, to organize submarginal lands into community pastures and regrass areas within these pastures and to finance experimental work intended to stop soil drifting. The money spent to conserve and distribute water has been spent on dugouts, small dams and small irrigation projects.

The government provides from one-third to one-half of the cost of providing dugouts and small dams. The individual or the individual and the municipality provide the balance.

The government builds the dam and main distribution ditches in the small irrigation

projects. The individual pays for the water delivered at a designated point and organizes and finances his own irrigation district under provincial legislation. The government has assisted in levelling land.

The government fences, regrasses and provides capital expenditure to put water on community pastures. The individuals pay fees to place stock in the pastures.

The whole programme is one in which the dominion government cooperates with the individual in rehabilitating the area. The individual does much of the work and either contributes to the cost or pays for services received. In many cases, both for the construction of pastures and for irrigation projects, farmers have been required to make their land available to the government and receive in return the value of the land unimproved by the project or other land in exchange.

We have now reached the time when larger irrigation projects are being proposed to P.F.R.A. The government has provided funds with which to proceed with the construction of a dam on the St. Mary river in Alberta. This is an international stream, and the total cost of this dam is being provided by the dominion government.

The objective of the whole programme is to make it possible for settlers who were induced to enter the area to remain and to so develop its possibilities of water conservation and use as to greatly increase the number of persons who may live in Canada's largest agricultural area.

It has been suggested that because of the benefits already apparent in the area to which P.F.R.A. has been applied, the principles of the act should be extended by legislation to all other parts of Canada.

In view of the constitutional relationship between the dominion and the provinces the government has decided that such legislation should not be recommended. It is held that the same obligation does not exist in other parts of the prairie provinces or in the remainder of Canada as in the drought area of the prairie provinces.

It is considered, however, that there are certain works outside the drought area which if undertaken would be of assistance to all Canada through making possible increased development of farm lands which if left to provincial or municipal responsibility might greatly retard Canada's development. With regard to these the dominion government would be prepared to discuss with the provinces concerned plans under which development could proceed over a period to be agreed upon, sufficiently long to bring about the desired results, but not to exceed five years.

Among these projects are:

1. The dike or marshlands of Nova Scotia and New Brunswick;

2. Certain projects related to farm lands in British Columbia, and

3. Certain projects related to lands all across Canada which have not previously been utilized as cultivated farms but which, if developed, would provide increased employment and home building possibilities.

Any expenditure of money on these projects will be brought before parliament and legalized through an item on the estimates.

Mr. FULTON: I will ask the minister to tell the house whether the discussions with the provinces, which he intimated the government would be ready to undertake, are now in progress, and if so, what has been achieved, or whether a date has been set on which these discussions will commence?

Mr. GARDINER: No discussions are under way at present resulting from this decision of policy. No doubt we will be hearing from the provincial governments immediately after this statement is made public, and we shall be prepared to meet them at any time.

Mr. BENTLEY: Would projects such as those up around the Elbow and South Saskatchewan rivers be included in those coming within the third category the minister mentioned?

Mr. GARDINER: All the area in Canada outside the P.F.R.A. district is covered by the third portion.

IMMIGRATION

CONDITIONS UNDER WHICH POLISH GIRLS ARE BEING BROUGHT TO CANADA

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to direct a question to the Acting Minister of Mines and Resources; and I should like to say that I am sure we all regret the illness of the minister. In view of conflicting reports regarding the conditions under which one hundred Polish girls are being brought to Canada, and because of the membership of Canada in the intergovernmental committee on refugees, which apparently is involved in the matter, will the government inform the house with regard to the contracts under which these girls are being admitted for employment in the textile industry of Canada?

And will the government table all communications, memoranda, copies of agreements, et cetera, which relate to this matter?

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources): The first part of my hon. friend's question deals with the matter of immigration, and I shall see that an answer is submitted tomorrow as to that portion. I shall also confer with my colleague the Minister of Labour (Mr. Mitchell), to whom the second portion of the question refers, and I am quite sure he will add the information requested.

INTERNATIONAL TRADE

INQUIRY AS TO ACTION TO REDUCE IMPORTS FROM THE UNITED STATES

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I wish to direct a question to the Minister of Trade and Commerce dealing with a different subject. It arises from a dispatch from London, published in today's press, to the effect that Canada may join Britain and other countries in drastically cutting imports from the United States. I would ask the minister if this report is correct and, if so, whether he is in a position to advise the house with respect to the progress of the negotiations.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I have very little comment on the question asked by the leader of the opposition. This is a newspaper story. If an announcement is to be made on this subject it will be made by someone representing the government.

EMPIRE DAY

OBSERVANCE BY PARLIAMENT ON MAY 23

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I should like to direct the attention of the Prime Minister and the other leaders in the house to the fact that tomorrow, May 23, is known and celebrated throughout the British empire as Empire day. We have missed observing this day in this house in other years. My suggestion is that on the opening of the house tomorrow tribute should be paid by all the leaders to what the empire stands for. Elaborate programmes have been prepared in the schools across Canada, and it is only meet and right that we should do the same in this parliament. As Burke says of the empire, "We should elevate our minds to the greatness of the trust to which the order of providence has called us," and this is more necessary now than ever before.

If no reply is to be given am I to take it that the government and the house are in favour of this scuttling policy? The empire seems to have few friends in this house.

CUSTOMS TARIFF

MACHINERY AND EQUIPMENT FOR USE IN CONNECTION WITH PRODUCTION OF COAL

On the orders of the day:

Mr. GORDON B. ISNOR (Halifax): Because of the need of accelerating the production of coal in Nova Scotia, and the need of new machinery to suit our mining conditions in order to bring our productivity more in line with that of other coal producing areas, I wish to ask the Minister of National Revenue the following question. Will the government consider as exempt for custom duties purposes all machinery and equipment imported into Canada for use exclusively in connection with the production of coal?

Hon. J. J. McCANN (Minister of National Revenue): Some machinery and equipment for use in connection with the production of coal is already provided for as free of duty under the customs tariff. Tariff items 410, 410j, 410m and 410o provide for free admission of this type of machinery and equipment. A number of other items provide for free admission from the United Kingdom, but dutiable from other countries. It would require a tariff change to provide for the free admission of all machinery and equipment as suggested.

GOLD

STORAGE OF BULLION BY MCINTYRE-PORCUPINE MINES

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to ask a question of the Minister of Finance, of which I sent notice. In view of suggestions made in the house for the devaluation of the Canadian dollar or an increase in the price of gold, and Canada's need of American exchange, what action does the government propose to take regarding the storing of large amounts of gold bullion by the McIntyre-Porcupine Mines, Limited, or other mining interests who may be adopting a similar policy?

Hon. DOUGLAS ABBOTT (Minister of Finance): I received notice of my hon. friend's

question just before coming to the house. I shall give it consideration, and will endeavour to make an answer as soon as possible.

HOUSE OF COMMONS

INQUIRY AS TO HOLIDAY FOR STAFF ON VICTORIA DAY

On the orders of the day:

Mr. ROBERT FAIR (Battle River): Mr. Speaker, last Monday I asked the Prime Minister whether the government would consider giving the staff of the house a holiday on Saturday next, May 24.

Some hon. MEMBERS: No.

Mr. FAIR: At that time the Prime Minister said the government would be glad to consider any suggestion. I wonder if he could make an answer today.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The house is master of its own actions, and responsible for its own personnel. I would say to my hon. friend that I think we will be helping the civil service of Canada and members of the public service generally if we do not make too many requests on their behalf for holidays. I have no doubt that in all departments the right course will be pursued by those in charge.

Mr. FAIR: I was not dealing with the civil service; it was the staff of the House of Commons I had in mind.

Mr. MACKENZIE KING: I was speaking of both.

THE BUDGET

DEBATE ON ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Wednesday, May 21, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the Chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Muskoka-Ontario), and the amendment to the amendment of Mr. Coldwell.

Mr. W. D. WYLIE (Medicine Hat): Mr. Speaker, rising to take part in the debate I am reminded of what was said the other evening by another hon. member, that no matter how much we spoke it would not change the budget one iota. But I am also reminded of what the Minister of Veterans Affairs (Mr. Mackenzie) says so often in the house, that this is a free and unfettered parliament. So I am going to accept his advice and take part in the debate. I am always glad to hear the Minister of Veterans Affairs speak with his rich Scottish brogue, because I too was born in Scotland, where we did have freedom. And let me assure the house that I shall uphold freedom at any time, in support of the minister in that respect.

It is customary on an occasion of this kind to compliment the Minister of Finance (Mr. Abbott) upon his budget. I therefore offer my congratulations upon his clear delivery and and his genial manner of presentation. On many occasions it is most difficult for us in this section of the house to hear what is said by cabinet ministers, but I can assure hon. members that we heard every word the Minister of Finance uttered, and his effort to make himself heard is deeply appreciated.

However there is very little upon which I can compliment the minister in his budget speech. I am sure most Canadians expected that the budget would contain many more tax exemptions. It was our expectation that those exemptions would be increased, especially in respect of the income tax. It is my view that there was no reason why the exemptions should not have been increased at this time.

May I say a word on behalf of the wage-earners, and those in the salaried group? During the war we did not mind deductions at the source, because the government required money and by having these amounts deducted at the source from month to month we were assisting the war effort. But now, with the war over for two years, I feel it is time the government gave consideration to discontinuing this practice. When I say that I have in mind this procedure as it affects members of parliament, and perhaps I might be permitted to state the situation as it applies to me. Last year $769 was deducted from my indemnity, in August, if I remember correctly, and the government had the use of it until April 1 of this year. I received no interest on that money, although I was entitled to the use of it for six or seven months, and to the use of some of it for a year. I did not have that use. But if we happen to be even one day late in sending in our cheques at the end of the year we are penalized to the extent of five per cent.

Now, what about those working on a straight salary who may not be receiving as much as I receive? Before deductions were made at the source one who had a salary of $150 or $175 a month got that amount each month. But what happens today? The government steps in and takes ninety per cent of the amount it expects to take, and these people do not have the use of that money for a year. I contend this is an invasion of the rights of the individual. It is the money which belongs to the man who earned it, and

he should have it. The wage earners and salary earners are suffering discrimination in this respect.

Business men and farmers are not required to submit their income tax forms until the end of the year. Why not put the wage earner in the same class? I see no reason why we should discriminate against anyone just because he is working for a salary or wages. In my opinion that is unreasonable. I think our wage earners are just as responsible as anyone in business, and I am sure that at the end of the year they will recognize their responsibilities and pay the government what is coming to them. It may be argued by some that they do not feel it when a few dollars are taken off every month, but the fact remains that all taxpayers should be treated alike. In my opinion deductions at the source should be discontinued now that the war is over and we are again in a period of peace.

When the minister presented his budget I expected that there would be reductions in the indirect and nuisance taxes, the taxes that we have to pay every day. One impost which has been referred to in this house on several occasions is the tax on soft drinks and chocolate bars. I have received many letters from small bottlers, and I have one here from the Shamrock Bottling Works in Medicine Hat which I think I should read to the house because it is really worth while. High school students and others of our younger people are going on strike against buying soft drinks and chocolate bars; they are going on strike against other things, and I think that is entirely wrong. We have too many strikes today, and in my opinion the government is forcing the younger generation to go on strike against these things. They may not get any reduction in the price of chocolate bars or soft drinks, but it is being instilled in these young minds that by going on strike they can get something. I submit that the government is doing something it should not be doing when it taxes soft drinks and chocolate bars. There are many persons in the lower income brackets, and their children are just as much entitled to chocolate bars and soft drinks as the children of people in the higher brackets or those who are well off. This is what Mr. Millensifer, the manager of the Shamrock Bottling Works, says in his letter:

> Soft drinks must be sold for the same price as candy, gum and ice cream, et cetera, otherwise it is a serious deterrent to our business.
>
> The retailers are fed up with high priced soft drinks and odd penny transactions which puts their bread and butter business in jeopardy.
>
> The public feel that their daily wants should not be the subject of high taxations. Soft drinks are part of the Canadian way of life, are the wholesome beverages of children, teenagers, workers and veterans. Such a temperate custom should be encouraged, rather than penalized by special war excise taxes during peace years.

That man is quite willing to sell his coca-colas at five cents a bottle. I also have a letter from Reverend V. A. Hall, minister of the First Baptist church, Medicine Hat, reading in part as follows:

> Today, we as ministers and social workers are called upon continually to do everything we can towards overcoming the terrible juvenile problems. With the increase of emphasis upon wholesome gatherings for youth I feel strongly that it would be a great help in the right direction if the government would see fit to drop the two-cent tax on soft drinks. It would assist the work being done and would also bring the soft drink into a different price field than beer.

How true those letters are! It is up to the government to discontinue these nuisance taxes, not only on soft drinks but on many other items.

There is another matter I have in mind, and it affects many of the people in Alberta. I refer to the eight per cent tax on gas and electric bills. There are about 50,000 users of natural gas in Alberta, located in about 32 cities and towns and they must pay this eight per cent tax while those using coal do not pay a tax. This is another example of discriminatory taxation. We are fortunate in Medicine Hat in having our own gas, but when we pay our bills at the end of the month we have this extra eight per cent to pay. Efforts have been made to have this tax removed, but so far without success. This is just another of the many taxes that should be discontinued.

I am sorry the Minister of National Health and Welfare (Mr. Martin) is not in his place this afternoon, because I wanted to say a few things about old age pensions. Any time old age pensions are discussed in this house it seems to get under his skin; it appears rather hard for him to sit still. I should like to say a few words about old age pensions this afternoon despite the fact that a bill is to be brought down in the near future. This legislation should have been brought down long ago. I have sat in this house now for three sessions and I can see no reason why that bill could not have been brought down the first session I was here.

During the debate in the house the other day the hon. member for Bow River (Mr. Johnston) was speaking and a few words passed between the hon. member and the Minister. The hon. member had this to say, as reported on page 3034 of *Hansard:*

> And the point was this, that if the provincial government had given more than that there would have been difficulty, because there is a federal regulation whereby, if more than $425

is received by the pensioner, the federal government's contribution would be cut down. So that it was unwise for the provincial government to give the pensioners more, with one hand, only to have the federal government take it away from them with the other.

Mr. Martin: The hon. member knows that is not so.

I should like to know who is right.

Mr. JOHNSTON: I am, of course.

Mr. WYLIE: I quite believe that. I have had a lot to do with old age pensions, and that is exactly the way I have found it. If it is not the way, then we should be told. I am sure that is the way the pension boards in the various provinces consider it should be done. It is up to the minister to straighten out this matter and tell us what are the regulations. I know he brought down some regulations the other day, but all I have to go by is the statement he made. I hope there will be some relaxation of the restrictions.

I have received through the mail many signed cards, as other hon. members have, asking for certain social security and pension benefits. They are not the cards mentioned the other night by the hon. member for Montmagny-L'Islet (Mr. Lesage). I do not think there was any money made on these cards. The ones he referred to were cards which he claimed were made for perhaps less than one cent, and they were sold for five cents. All I have to say about that is that if the Union of Electors can sell their cards for five cents, and people will buy them, they should be free to accept that five cents, because it is known where their campaign funds are coming from, and that is more than the hon. member can say about his party. I would ask him to get up and tell this house where his campaign funds come from. The cards I am discussing now are entirely different from those cards. They are the same shape and about the same size. They urge social security and a retirement allowance of $60 a month to men at the age of sixty and to women at the age of fifty-five without any means test. That may be a little too much to ask; I do not know, but I certainly would like to see the old age pensioners get a little more than they do now.

What the minister said the other night reminds me of a letter I received from an old age pensioner seventy-six years old. This gentleman had been a school teacher all his life, and when we were short of school teachers in Alberta he returned and taught school. When I say he taught school, I should explain that what he did was this: the papers were forwarded from the department to the school and this gentleman marked them. By doing that he earned something like $400 in one year. But because he earned that money his pension was discontinued for one year. The hon. member for Calgary West (Mr. Smith) said that there were no old age pensioners who had children. This is one man who had one child still going to high school in Medicine Hat, and he was responsible for her; no one else was responsible for her. But his old age pension was cut off for one year because he did something for the children in that area.

I noticed an item in the press the other day which surprised me very much. We all know of course that a short time ago the Liberal party had a big convention in Toronto. I imagine that most of the aspirants for the leadership of the Liberal party in Ontario were responsible men, but when I saw one of them trying to play politics with the old age pension I certainly could not wish that party any luck in their next election.

Mr. GRANT: What are you doing now but playing politics?

Mr. BLACKMORE: He is doing what he came here to do—looking after the common man.

Mr. GRANT: The other fellow was doing the same.

Mr. WYLIE: This is what one of the aspirants for the leadership of the Liberal party of Ontario said, according to a report in the Ottawa *Citizen* of May 16:

> During the policy report debate, the convention turned down a suggestion that the party go on record as favouring a $40 a month minimum old-age pension. Mr. Lamport, chairman of the public welfare committee, said this was not the time to "give away the dynamite of the Liberal campaign for the next election."

Mr. GRAYDON: What dynamite?

Mr. WYLIE: A minimum of $40 a month for old age pensioners. I was very much surprised to read that in the press, and I certainly hope that the party will never be in power to carry that out.

Mr. GRAYDON: You are as safe as a church on that.

Mr. WYLIE: What I mainly rose to discuss was irrigation, but after listening to the Minister of Agriculture (Mr. Gardiner) this afternoon I do not know that there is very much that I can say. We do have a problem in the west in the drought area for which irrigation is the only solution. I often think that one-half of Canada does not know how the other half lives. In discussing problems pertaining to western Canada I do not think

I should be classed as a nationalist at all. I have a devotion to those drought areas. I am reminded of a trip I was privileged to take about two weeks ago, sponsored by the hon. member for Hamilton East (Mr. Ross). On that trip I saw areas I had never seen before and got to know many members with whom I had never before been intimate. It made me realize that when you get to know one another and understand their problems, things are much easier.

In the west, according to the last report of the Department of Agriculture, there are in Saskatchewan 1,541 townships which averaged from eight bushels per acre down to zero; 750 townships averaged five bushels or less to the acre. Those 1,541 townships affected 42,592 individuals, and they received a total amount of a little more than $12,000,000. In Alberta there were 890 townships, 442 of which averaged five bushels or less to the acre, and 448 eight bushels or less. Those 890 townships affected 18,244 individuals, who received a little over $4,000,000.

When you tell people in the east that we have yields in the west averaging sometimes four bushels or less to the acre, they seem unable to realize it. They think it just cannot be so. That is why I say that people in eastern Canada should see the conditions in that large area in western Canada, especially around the first of July. Just imagine a man with 480 acres of land, 400 acres under cultivation. The general practice would be to put 200 acres each year under crop and 200 under summer-fallow. That means that he would thresh 800 bushels of wheat, and at $1.35 a bushel that would bring slightly over $1,000. In other words, his income for that year is slightly over $1,000, and out of that he has to meet all his expenses. The Prairie Farm Assistance Act has done wonderful work. He will receive $500 from the government through the P.F.A.A., and if it were not for that he would be on relief. But he has 80 acres more, and some people may say, he still has 80 acres of pasture. Well, in the drought area 80 acres will carry only two head of cattle; that is the recognized number of stock that will be carried in such an area, 40 acres per head. The provincial government leases the land on that basis, and as a matter of fact in some areas only three head of cattle per quarter section, or 160 acres, can be taken care of. It is hard to realize that. Well, there is only one solution to that, and it is irrigation.

I realize that the dominion government has started on the St. Mary-Milk river dam, which will hold 270,000 acre feet of water and will supply water to another 345,000 acres of land, and partly to another 120,000 acres. That is only one dam, but we have many others. We have the Red Deer diversion scheme, which the hon. member for Acadia often speaks of. When you think of what can be done in the way of irrigation in that area you will see the significance from the standpoint of population. We sometimes wonder why we are having a redistribution in the matter of population. The population in those areas can be increased by thousands if we make use of natural resources. The dominion government and the provincial government, of course, have come to an agreement over the conservation of the watershed on the eastern slope of the Rocky Mountains, and I am sure we are all glad to see that. It is badly needed. That is our only protection to supply water in the future for our drought area.

I notice some of the eastern papers are taking up the question of irrigation, and I refer particularly to the *Globe and Mail,* which at times rather surprises me. They must have a western writer on that paper, and I have one editorial here in particular which is very good. They explain what the Lethbridge area produces. It produces $100 million worth of goods, $70 million in agricultural produce, and that is produced in an area which, before irrigation was used, was producing very little. It tells of Saskatchewan's problems and the way the population has decreased in that province. It tells what can be done by more irrigation in that area and it has this to say:

> Twenty years ago the population of the Lethbridge northern irrigation district, for example, was 1,500. Today it is 10,000. The dry land farms in the west support an average of 3·5 persons per square mile; irrigated farms 30 per square mile. Average returns per acre throughout Alberta is $12. In the irrigated sugar beet fields near Lethbridge it was $111 in 1946.

That just shows what irrigation can do when it is in an area such as we have in southern Alberta. But the writer entirely spoils the editorial in his last paragraph. I am going to read that paragraph because so many people in Ontario do not quite understand what irrigation means to the west. The writer says:

> Also, if Alberta is fully appreciative of the values of water control, nothing like the same degree of understanding has been evinced by Ottawa or, for that matter, by the federal members of parliament representing those western areas most susceptible to drought. Up till now the lone parliamentary voice, which for long cried in the wilderness, has not been that of a western member nor even of a farm member, but that of a Toronto manufacturer. It would be appropriate about this time, we think, if there was something heard from representatives of those areas vitally concerned with this question.

That last paragraph spoils the whole editorial. I agree that the member for Davenport (Mr. MacNicol) has done a lot in advocating irrigation and letting people know the results, and I can assure you, Mr. Speaker, that any time the hon. member wants to come to Medicine Hat he will get a hearty welcome. But there have been others in this house who have discussed irrigation, before the hon. member sat here. I refer particularly to Doctor Gershaw, who is now a senator. Since 1935 we have had the member for Acadia here, the member for Battle River, and the member for Lethbridge. Will anyone try to tell me that they have not discussed irrigation in this house? Surely not. The former member for Medicine Hat, between 1935 and 1940, made many speeches on irrigation. I suggest to the editor of the *Globe and Mail* that he read *Hansard* a little more and inform himself before he spoils a good editorial by adding a little politics at the end of it. The hon. member for Davenport has done much to sponsor irrigation in the west, and I hope he will be back to see us.

In Alberta we have many other areas that can be put under irrigation. As a matter of fact, we have 976,000 acres that have already been surveyed, which can be put under the ditch. That means that we shall have an additional 10,000 farms. What does that mean in its economic effect, not only on Alberta but on Canada as a whole? It means that we shall have 976,000 additional acres under irrigation, and 9,590 irrigation farms would be created. Assuming that each irrigation farm would support five members of a family, the rural population would be increased by 47,950 persons and the urban population would be increased by at least 39,000 persons. Assuming that each irrigation farmer spent approximately $2,000 on the purchase of farm implements, it can readily be seen that the agricultural machine manufacturing industry would benefit to the extent of $20 million in orders for assorted implements. In addition to the purchase of farm implements, the need for sundry processed goods, fabrics, utensils, clothing, et cetera, would be approximately twenty per cent of the total annual farm production, to the benefit of transportation and eastern manufacturing concerns. These are just a few figures.

I could discuss the irrigation problem for hours and still not exhaust the subject, but I cannot deal with it fully in forty minutes. In fact, I sometimes think that forty minutes is too long for any member to speak in the house, especially if we are to get through the business outlined yesterday by the Prime Minister. But no matter how much we talk about irrigation, there is only one way to do it and that is through action by the government. We found all the money we wanted during the past war, and I see no reason why we cannot find just a little bit more to satisfy our own people and keep them contented. We have wonderful opportunities in that southern area for the rehabilitation of many of our veterans and the farmers who are already there. Let us give them just a little better deal. Let us get busy on irrigation. Let us have a little more action and less talk.

Mr. DONALD M. FLEMING (Eglinton): Mr. Speaker, the budget remarks of the Minister of Finance (Mr. Abbott) had about them elements of both inflation and deflation. In the picture he drew in advance of his actual announcement of his budget proposals there were strong elements of inflation. But when he proceeded finally to announce the fiscal changes he was actually proposing, I think all members must have realized—or must realize now if they did not do so before—that a process of deflation was at work having regard to the glowing promises which preceded the actual proposals.

Any decrease in income tax is necessarily welcome to a tax-burdened people. The decrease which the Minister of Finance announced is welcome, but it is not adequate. To most of the people who are affected, it is trifling in amount. I submit that it cannot be regarded, in most cases, as more than a token reduction. It will be accepted gladly, but only as the slender first instalment of reductions which must be made. The reductions, of course, are not fairly measured in terms of percentages but are fairly measured in terms of what the reduction means in dollars and cents to the man of small means, the man in the low-income bracket or lower middle bracket. To the average taxpayer, the married man with two children, with an income of $1,800 a year, it means that this year the reduction will be only $4; to the man with an income of $2,000, the reduction is only $16; to the man with $2,250 of income, the reduction is only $25; to the man with an income of $2,500, the reduction is only $32; to the man with an income of $2,750, the reduction is only $39; and to the man with an income of $3,000, the reduction is only $49. These reductions are entirely inadequate.

I have just one comment on the surplus. I am not prepared to offer any words of commendation to the Minister of Finance on the size of an alleged budget surplus when it reflects such inexcusably inaccurate budget-

ing as we have seen this past year. Actually the government has taken from the people of this country, on various accounts, $352,000,000 more than they actually needed to balance their accounts, and this at a time when the taxpayers have been suffering greatly under an excessively heavy burden of taxation. Fourteen per cent more was taken from the people in taxes than was actually needed to finance the government expenditures of last year.

If this is put before us as a surplus of $352,000,000 on current account, then I say, Mr. Speaker, that it is not an honest surplus. It has been brought about by the sale of government assets to the total of $372,000,000 so that actually on strict current account there is a deficit of $20,000,000. That is no more truly a budget surplus than it would be in the case of a man, we will say, with an income of $2,400 a year whose expenditure is running to $2,600 a year, who has made up his mind that he is not going to have a deficit, and who goes out and sells his motor car and refrigerator for $500, ends up with $2,900, and says that he has come out with a $300 surplus.

This budget is also woefully lacking in any attempt at an approach to the problem of spending. The government had an opportunity this year, relieved as it was to the extent of $900 million of expenditures on account of demobilization and reconversion, to grapple with the problem of bringing expenditure within the capacity of the people of this country to bear. On the contrary they have taken advantage of that relief from the burden of expenditure on demobilization and reconversion account to begin the upward spiral of expenditure in the majority of the departments of government. In seventeen out of twenty-eight departments expenditure for the current fiscal year is to be greater than last year. It is not enough for the Minister of Finance to say that the responsibility rests on parliament, unless the government is prepared to give parliament a really effective opportunity to review the estimates in detail. That cannot be done when the house is sitting in committee of the whole. There are too many here and it takes too much time. These estimates are chronically left until too late in the session for any comprehensive or thorough review. If parliament is to have any effective participation in the review of expenditure, a different means must be found from that in vogue at the present time.

Furthermore, the habit of heavy taxation is a difficult one for this government to shake. The habit has become so deep-seated. Actually this year the Minister of Finance says that he is budgeting for a surplus of $190 million; and even in the unlikely event, under present circumstances, of all the remaining provinces coming in and accepting the terms proposed by the dominion government in respect of an agreement, there will still be a surplus of $80 million, which represents an excess of taxation over the amount actually required to meet this year's expenditure.

The means resorted to by the Minister of Finance or by the government for accomplishing the reduction in the income tax is not a satisfactory or adequate method. Actually, as against reductions in taxation which for this fiscal year ending March 31, 1948, will amount to $160 million, the government has relieved itself of no less than $208 million in subsidies as compared with the past fiscal year. Let us leave out of consideration entirely those forces which are at work at the present time to increase the cost of living, and just put this problem on the basis of the amount which the dominion government contributed last year in the form of subsidies to help reduce the cost of living. The dominion government has now relieved itself of that grand total of $208 million as compared with last year. As against that they offer reductions in taxation for this fiscal year of only $160,000,000. That is a poor sample of a reduction in taxation which will offer any net benefit to the people. Actually the government has been offering $160,000,000 with one hand and with the other taking away $208,000,000 in terms of the cost of living of the people. What do these trifling token reductions in income tax mean to the married man, with two children, whose income is $2,000? As I mentioned a moment ago, his reduction in income tax this year is just $16. How far will that go to meet the increased cost of many articles which are staple household necessities and to the cost of which the government formerly contributed by way of subsidies? As a matter of fact in the case of most families that reduction of $16 will not cover the increased cost of one of these staple necessities of life, let alone all of them.

Now, Mr. Speaker, I turn briefly to the related subjects of trade, exchange and the plight of the gold mining industry. Our fiscal relationships with the United States have reached very serious proportions; and because of the difficulties the countries in the sterling area are having in converting currency, the situation affects us in our external commercial relations in almost every quarter. In the year 1946 we had a trading deficit with the United States of $603,000,000, by a very wide margin the highest in our history. Compare that with the figures for some earlier years. In 1938, the last full year of peace, our trading deficit with the United States was

$149,000,000. In 1941, when we were making substantial purchases of war materials in the United States, our deficit was $318,000,000. In 1946 it jumped to $603,000,000, and it has not stopped there. As a matter of fact the tempo has quickened, and in the first quarter of this year our trading deficit with the United States amounted to no less than $204,000,000. The situation is approaching alarming proportions.

Consider this in relation to the gold mining industry, which in those dark days of the thirties did so much to carry this country through the depression. We were very glad then to have an industry for whose product there was always a market, especially a market in the United States to help reduce our trading deficit with that country. In 1941 gold production in this country netted us $205,000,000. In 1946 it dropped to half that figure, $103,000,000. Today it is nothing short of tragic to see what is happening to this great Canadian industry. Apart from some of the big producing mines, which in times like these can fall back upon their higher grade ore bodies and stop mining on their lower grade stopes, the gold mining industry has reached a critical position. Exploration work is at a standstill. The marginal mines are at a standstill. The whole industry, apart from a few very large mines, today is faced with nothing short of ruin, and this government has not offered anything in this budget to save that industry from destruction. The need has been there for any government with its eyes open to see; but it stands back with arms folded and watches this industry proceed to ruin.

The difference between the Canadian dollar and the United States dollar on the unofficial market in the United States; or, if you like, the difference between the Canadian dollar ruling at a discount up to June last and the United States dollar as it ruled at that time in terms of premium, represented in great mining areas in Canada, not confined to one province alone, the difference between valuable ore bodies and heaps of rock. That is just what the reduction in the price of gold has meant, and this situation cannot be redeemed apart from an increase in the price that gold produced in this country is able to fetch in the United States. If some encouragement were given the gold mining industry it could contribute mightily to redressing our unfavourable trading account with the United States, and I urge the Minister of Finance to lose no time in addressing himself to this problem and at least offering the gold producers of this country a price equivalent to the price of the American dollar with relation to the Canadian dollar ruling in the unofficial market in the United States.

[Mr. Fleming.]

It is a matter of general regret, I am certain, that in the present budget the Minister of Finance has not done anything to remedy the injury he wrought last year to married women in respect of their income tax. Here we have the labour department boasting in a recent publication about the number of married women who are employed. They make this statement:

> In 1946 twenty-one per cent of all persons gainfully employed were women, as compared with seventeen per cent in 1939 and thirteen per cent in 1911. Of all women employed in 1946 in industries other than agriculture, twenty-three per cent were married.

We need married women in those lines of industry in which they are employed today. The time has not come when we want to see married women retire from those lines of employment in which today they are filling a role which cannot be filled otherwise. I am thinking of nursing, of the needle trades, of domestic service, and a good many other avenues of female employment.

I turn now to the subject of indirect taxes. I suppose indirect taxes are always popular with governments because they are hidden and, not being known or appreciated by the people, they are thought by governments to be painless. It is like the dentist who gives a patient gas but takes out the tooth just the same. This government is certainly fond of levying indirect taxes. Of a total of $2,458 million in taxes raised by the government from the Canadian people last year, $1,436 million was raised by direct taxes and no less than $1,022 million by indirect taxes. Yes, indirect taxes are at the highest point ever reached in the history of this country. I wish to comment on several matters, and to say something in the first place about the way the sales tax is applied. What I have to say about the sales tax applies with equal force to all these indirect taxes, because they are consumer taxes. They bear no reference to the capacity of the taxpayer to pay, and therefore bear relatively much more heavily on the man with a small income, particularly if he has a large family or other dependents.

The pyramiding of the sales tax is a serious problem. Let me give you an actual case as an example. A wholesaler pays $10 a dozen for hosiery; the eight per cent sales tax amounts to 80 cents. His mark-up is 20 per cent, making the selling price by the wholesaler to the retailer $12.96. The retailer adds 50 per cent, again on the total, making a price of $19.44. In other words the consumer is not paying a sales tax of 8 per cent; by

that pyramiding method he is paying a tax of 14·4 per cent. This is one example of many that could be cited.

I wish to refer also to the so-called luxury taxes. Actually, in terms of normal peacetime, this is a misnomer, and I think the Minister of Finance ought to be the first to admit it. It is not a luxury tax. There may have been some justification for calling it a luxury tax in time of war, when it was deliberate government policy to siphon off manpower from certain avenues of production and concentrate it on the production of war materials, but that does not bear any relationship to the situation in peacetime. Let me refer to the way this so-called luxury tax is working out at the present time. It is full of anomalies, and it is time the government removed those anomalies.

Today a refrigerator is taxable, but an icebox is not. A vacuum cleaner is taxable, but a carpet sweeper is not. An electric range is taxable, but a coal range is not. Fountain pens, clocks, watches, plated and pewterware, trunks, bill pouches, shopping bags and things of that kind are taxable as luxuries, but oil paintings, oriental rugs and other items incidental to a luxurious or semi-luxurious living standard are not taxable.

Let us consider the way in which this tax applies, particularly to necessities required by young people who are setting themselves up in housekeeping. Jewellers, too, have a legitimate complaint on this score, as well as consumers.

Why should alarm clocks, knives, forks, spoons and glassware be classified as luxuries, and subjected to luxury tax? If one puts a $1,000 table on a $3,000 oriental rug in his home, those articles are treated as necessities and are not taxed as luxuries. But if he puts on that table a fork costing $1.50, the fork is treated as a luxury and is taxable accordingly. There is no sense in taxation of that kind. It simply does offence to reason. I believe the minister has admitted as much, because, writing to the Hon. Angus Macdonald, premier of Nova Scotia, on April 21, 1947, he said this:

> These taxes, along with a considerable number of other special taxes, such as those on gasoline, soft drinks, candy bars, luggage, clocks, jewellery, furs and the like, were imposed by the dominion during the war emergency. I imagine that most governments are more anxious to take taxes off than to put them on.

So far as the taxes to which I have referred are concerned, I say the people of this country would like to see a little action on the part of the government toward taking them off.

Is it realized that if one enters a florist shop today and buys cut flowers he will not pay luxury tax? But if he buys flowers in a vase he pays a tax not only on the vase but on the flowers as well! This is another anomaly. If one buys flowers in a vase, he pays a tax on the whole purchase—a luxury tax on the complete purchase. It is unjust.

Not only are these taxes working an injustice on the consumer, but I can tell the house they are working a serious injustice on a young Canadian industry. I refer to the ceramics industry. Before this tax, this industry was making some headway and employing a considerable number of people, but under present tax conditions it is faced with extinction. I beg of the minister to appreciate the seriousness of the problem this young industry faces, and to bring relief to it and thus bring relief to the consumers who are buying these commodities. If I had time I could give examples showing reductions of employment in the numbers of persons engaged in the ceramics industry. These reductions have been made recently, when the industry has been feeling the full weight of the tax. In some instances the reductions run up to 60 or 75 per cent of the numbers employed.

The amendment offered on May 6 by the hon. member for Muskoka-Ontario (Mr. Macdonnell) deplores the failure of the Minister of Finance in his budget to provide for the reconvening of the dominion-provincial conference in order to complete a satisfactory agreement with the provinces and a dominion-provincial programme of social security, health and public investment.

Let us not for the moment be too confused over figures, but rather realize fully the realities of the situation. Somehow a way must be found to reach agreement with reference to taxation fields, social security and public investment as between the dominion and the provinces. It is a fact that there cannot be that over-all agreement which is so essential unless there be a dominion-provincial conference. But the dominion government, which alone can call such a conference, refuses to do so, and demands that Ontario and Quebec yield and, in advance of any conference, accept terms offered previously by the dominion government. All the provinces are asking that the conference be reconvened, but the dominion government refuses to convene it.

Mr. ABBOTT: No, they are not.

Mr. FLEMING: I say the time has come when this nation demands that the conference

be reconvened. The party of which I have the honour of being a member believes that a way to agreement can be found. But we say this, that it will not be found by methods pursued in this chamber by some hon. members opposite during the course of this debate, by calling the premiers of Ontario and Quebec hard names. That will not bring about a solution of this problem.

Mr. ABBOTT: And calling the action of the dominion government political blackmail will not help, either.

Mr. FLEMING: I would remind the Minister of Finance and any other hon. members opposite who may be interested that these premiers are not speaking for themselves alone. They speak for the legislatures of their respective provinces. On April 1 of this year the Ontario legislature by a vote of 57 to 21 endorsed the position taken by the premier of that province in the course of these negotiations, and in connection with the offer made by the dominion.

In Quebec the legislature has recently enacted Bill 30, with the effect of authorizing the provincial government to negotiate a general basis of agreement between the dominion and all the provinces, but not on the terms that the dominion is insisting should be accepted. Before hon. members opposite go too far in calling the premiers of these two provinces hard names, I would remind them of what Mr. Godbout, the leader of the Liberal party in Quebec, had to say not so long ago. Speaking in the throne speech debate in the Quebec legislature on February 18 of this year, Mr. Godbout said this, as reported in the Montreal *Daily Star* of February 19:

> Naturally, Mr. Godbout proceeded, the preservation of provincial autonomy is the first prerequisite. The province cannot, under any pretext, sacrifice any of its sacred rights and privileges.

And further down:

> But as regards the Ottawa proposals, Mr. Godbout said—

And, by the way, these were the latest proposals made by the dominion government—

> —he could not say that he approves them, or whether he objects to them.

And again:

> Mr. Godbout claimed that, in the light of what he learned of the Ottawa proposals, he felt they could not be accepted in their entirety. For example, he was against the Ottawa government entering the succession duties field, because in his opinion that should be left exclusively to the provinces. Furthermore, he believed that a number of taxes of another nature, now collected by Ottawa, should be retained by the provinces.

The premiers of these two provinces not only are willing to meet the dominion and the other provinces in a general conference, but have implored the dominion to call a conference. And this has been going on ever since the conference was adjourned in May, 1946.

On January 23 of this year the Premier of Ontario wrote the Prime Minister a letter, at the conclusion of which he said:

> I assure you that the government of Ontario will be ready to attend such a conference in Ottawa at any time and there examine and consider all proposals on their merits. We are most anxious to arrive at a settlement which will be just and fair to the people of every part of Canada.

And the Toronto *Globe and Mail* of May 7 reports a statement by Mr. Duplessis to the same effect, as follows:

> Mr. Duplessis expressed his willingness to attend another plenary conference, but declared his unalterable opposition to any secret meetings.

He continued:

> Conferences, secret or separate, are contrary to the spirit of the federative pact.

Mr. Drew is reported in the *Globe and Mail* of May 7 as follows:

> We want an agreement with the dominion, but we also want an examination of the constitution so that our taxation system may be simplified, improved and made more efficient for the great years ahead.

The fact that the Premier of Nova Scotia entered into an agreement recently with the dominion government, apparently with a considerable measure of reluctance as to the terms eventually settled upon, has not changed the position with regard to the provinces of Quebec and Ontario. We have statements to that effect. I have only time to refer to the one attributed to Colonel Drew which appeared in the *Globe and Mail* of May 14, in which he said, "Our stand is still"—that is after the agreement with Nova Scotia—"that a further inter-provincial conference is needed to discuss the situation."

I implore the dominion government to reconvene the dominion-provincial conference. The crux of this matter revolves around six minor fields of taxation. Having regard to the size of those fields and the revenues accruing to the dominion, is the dominion government justified in refusing to reconvene the conference unless the provinces forgo these fields except the gasoline tax? Here is a

list of the yields from these six taxes in the fiscal year ended March 31, 1947, and I will give the figures in millions only:

Gasoline tax	$36,000,000
Amusement tax	14,500,000
Pari-mutuel tax	2,500,000
Electricity tax	5,000,000
Security transfer tax	1,000,000
Succession duties	23,500,000
	$82,500,000

The dominion has withdrawn from the gasoline tax field, so actually all that remains at stake are five fields of taxation with a total revenue of $47 million. When the Minister of Finance is budgeting for a surplus of $190 million this year, is he justified in standing firm for the retention of these fields of taxation? Having regard to the fact that the war ended two years ago, and that the war emergency which occasioned the entry of the dominion into these fields has passed, I submit that it is the primary duty of the Minister of Finance to withdraw from these fields of taxation. When he has budgeted for a surplus for this coming fiscal year I submit that he should eliminate these taxes and leave them to the provinces.

I have only time to make one or two hasty references to the agreements already signed. First, so far as this Progressive Conservative party is concerned and as its distinguished leader has said on more than one occasion, there will be no interference on the part of this party with agreements already signed. The leader of this party has said that if the Progressive Conservative party were in office today the provinces which have signed would get at least as good terms as those they already possess, or better.

Second, the terms offered by the dominion go far beyond the terms of the original offer upon which agreement was found to be impossible at the dominion-provincial conference in April and May, 1946. The actual advance in the total cost to the dominion is $100,000,000 per annum over the original offer considered at that time. A total of $225,000,000 is the estimated cost to the dominion this year if these proposals had been accepted by all the provinces.

In the next place, so far as the third and most recent bait offered to the provinces is concerned, it increased the cost by $26,000,000 and the minister made clear in this house on March 28 that the government will insist that this sum be taken into account when the dominion and the provinces sit down, if they ever do sit down, to discuss the problems of social security and public investment.

It is not enough to have individual agreements with some of the provinces. There must be a general agreement; there must be some attempt made to preserve the workability of our constitution by allowing uniform constitutional relationships to subsist between the dominion and the various provinces. Therefore the pursuit of secret agreements is essentially wrong in principle. There must be open negotiations—

Mr. ABBOTT: There are no secret agreements and there never have been.

Mr. FLEMING: —to which all the provinces must have full access.

I ask hon. members on the other side of the house who represent Quebec constituencies if they are prepared to go to their constituencies and say that they advocate the acceptance by their province of the lowest per capita rate of all the provinces. This is inherent in the latest dominion-provincial proposals by the federal government, because it would pay only $16.63 per annum for every person in Quebec, as against higher figures for the other provinces, $17.29 for Ontario and running up to $23.33 in the case of the most favoured province.

The nation wants an agreement. It wants the dominion and the provinces to sit down together. The nation demands that the dominion government call the provinces together. It was the desire of my leader to bring about an adjustment of the fiscal relationship between the dominion and the provinces on an equitable basis that led him to form his coalition government in Manitoba some years ago. The desire to see that accomplished was one of the things which led him to enter the federal political field. If the present dominion government will not move to reconvene the dominion-provincial conference in order to bring about an agreement between the dominion and the provinces, then it may be well assured that a government headed by the present leader of the opposition (Mr. Bracken) will do so at the very first opportunity.

Mr. Speaker, this brings me to the concluding passage of my remarks, which I should like to deliver in French, trusting that you will overlook my shortcomings.

(Translation):

The Progressive Conservative party believes that a way can be found to bring about agreement between the dominion and the provinces on the important questions of fields of taxation, social security and public investment.

Mr. GRAYDON: Hear, hear!

Mr. SPEAKER: Order! Before interrupting the hon. member who is speaking, I suggest that the hon. member for Peel (Mr. Graydon) should ask his permission to do so.

Mr. GRAYDON: Thank you, Mr. Speaker.

Mr. FLEMING: This party affirms that compulsion on the part of the dominion government and unfair use of its vast powers to exert pressure on the provinces, are not the way to bring about agreement. It condemns such tactics as offending the spirit of the constitution.

This country was brought into being by agreement, embodied in the British North America Act—agreement between men of different provinces and of two great races and cultures. Destroy respect for that agreement, destroy the respect due to the constitutional rights of the provinces, and you destroy the basis of confederation itself. Our national well-being will never be advanced by doing violence to the constitutional basis of our nationhood.

I said that the Progressive Conservative party believes that a way can be found to bring about general agreement between the dominion and the provinces. It can be done if the dominion government will stop treating the provinces as subordinates, and if it will cease its persistent efforts to centralize power in Ottawa at the expense of the provinces. Let it restore to the provinces those fields of taxation which the provinces have said they wish to retain in order to continue to be sovereign under the constitution, and the way will immediately be opened to reaching a unanimous agreement.

Agreement between the dominion and some of the provinces is not sufficient. If confederation is to remain a fact the constitutional relationships between the dominion and all the nine provinces must be uniform, always reserving the rights guaranteed under the constitution to the province of Quebec and its people.

Hon. Liberal members who during this debate have been deriding and attacking the premier of Quebec and the premier of Ontario are contributing nothing to a true solution of the problem. If they really desire an honourable agreement between the dominion and all the provinces, let them refrain from their silly tactics of calling Mr. Duplessis and Mr. Drew names. Let them remember that these two honourable gentlemen have been honoured by the people of their respective provinces with their confidence, and that their policies on dominion-provincial relations have recently been strongly endorsed by the legislatures of their respective provinces. These two men have a duty, not only to the people of their own provinces, but to Canada to protect the constitution, just as the dominion government has a duty to protect the constitution. Mr. Duplessis and Mr. Drew are the kind of men who will perform this duty, no matter how bitter and unfair be the personal attacks made on them by Liberal members in this house. Hon members would do well to remember that Mr. Godbout, the Liberal leader in the province of Quebec, when speaking in the Quebec legislature on February 19, requested that the dominion vacate the field of taxation which Mr. Duplessis, Mr. Drew and Mr. Angus Macdonald have said the provinces must possess exclusively.

Mr. Duplessis stated in Quebec city as recently as May 6, that he was willing to attend another plenary conference. The legislature of Quebec, by its Bill No. 30, has authorized Mr. Duplessis' government to enter into agreements with the dominion government. Mr. Drew has for months been urging the dominion government to reconvene the conference. The premiers of the other provinces have all been asking for the same thing. Under these circumstances, there can be no excuse for the refusal of the dominion government to reconvene the dominion-provincial conference.

I call upon the government to put aside petty partisan politics and to reconvene the dominion-provincial conference, and thus to open the way to negotiations and unanimous tax agreements, the kind of agreement by which the constitutional fabric of this nation may be strengthened, and prosperity and security won for all our people, not by bureaucratic centralization of power at Ottawa, but by achieving the maximum of provincial autonomy with a minimum of centralization.

Mr. ABBOTT: Hear, hear!

Mr. J. ARSENE BONNIER (Saint-Henri): Mr. Speaker, I must congratulate the hon. member who has just resumed his seat on his splendid handling of the French language. If 90 per cent of the members in this house did as much, it would promote agreement among the provinces and between the two great races which people them.

Mr. Speaker, I will devote part of my remarks to my constituency, which is, by the way, one of the largest in the province of Quebec, since it has a population of 80,000 numbering an electorate of 50,000. Needless to say, should the government act, in the

interest of my fellow citizens, on any of their long standing requests, any such steps would surely be highly appreciated.

I also wish to point out that I represent the largest industrial county in the province for there are more industries within my constituency than in any other of the city of Montreal. Altogether, there are 160, some small, some large, but all fairly important. In that district, one finds, for instance the Canada Car & Foundry plant, which employs only men and numbers about 6,000 workers; during the war, one of its sections built airplanes and thus did great service to the country. There is also the Canadian Tube plant, just about on the same footing, since it employed some 6,000 men. Last year, it built a million dollar addition to its present establishment. I can tell hon. members opposite who are always talking about nails that we produce them in my constituency. If they care to pay us a visit, they may be able to buy a number of interesting things.

Dominion Textile have three branches and some 10,000 employees; many women and aged people, unable to find work elsewhere, are hired by this company. Imperial Tobacco, the important cigarette factory known to all, has a large staff consisting mainly of women. R.C.A. Victor also numbers many employees while Crane Limited, another important enterprise, retains a large staff as do General Steel Wares and the luggage concern of Eveleigh. Tooke Bros., big scale manufacturers of shirts, dressing gowns, ties, and so on, have a very flourishing industry in my constituency. Simmons Limited, manufacturer of iron beds and various iron supplies, number a great many employees. The important Robert Mitchell foundry also has a large staff while the Steel Company of Canada, manufacturers of nails and pipes, retains the services of a great many employees.

Mr. Speaker, it would take too long to list the 160 industries of my constituency. I have mentioned only a few. Would the house allow me, in order to save time, to put this table on record?

(Text):

Mr. SPEAKER: Has the hon. member the unanimous consent of the house to table the memorandum?

Some hon. MEMBERS: Agreed.

(Translation):

Mr. SPEAKER: The hon. member may continue.

Mr. BONNIER: Here is the list:

List of factories located in the constituency of St. Henry (Montreal)

Street—Number—Firm—Product

Rose de Lima, 239, Lavoie Ornamental Works, manufacturing iron staircases.

Rose de Lima, 250, Victory Tools Co., manufacturing tools of all kinds.

Richelieu, 4101, G. W. Reid Co. Ltd., manufacturing tarred paper.

Richelieu, 4005, W. Raleigh Co., Ltd., manufacturing drugs.

Richelieu, 4035, Alex Murray Co., manufacturing paints.

Delisle, 2355, General Steel Wares Co., manufacturing tinware.

Albert, 3508, General Food Co., manufacturing cocoa, coffee, etc.

Acorn, 4700, Merck Co., Ltd., manufacturing drugs.

Belair, 710, Robert Mitchell Co., manufacturing machinery.

Bourget, 705, Standard Felt Co., manufacturing hats.

Marin, 724, Adams Machine Tools, manufacturing tools.

Marin, 738, Natural Products Corp., manufacturing home products.

Cabot, 2082, Liquid Carbonate Co., manufacturing oxygen.

Cabot, 2075, Wall Chemical Co., manufacturing oxygen.

Duvernay, 2621, C. P. Fabien Co., manufacturing refrigerators.

Duvernay, 2626, E. T. T. Sampson Co., manufacturing machinery.

Lacasse, 976, R.C.A. Victor Ltd., manufacturing radios.

Bourget, 705, N. D. Johnson Prod., manufacturing wool.

Bourget, 731, Workman Bags Co., manufacturing jute bags.

Bourget, 780, Dupuis Frères, manufacturing chesterfields.

Côte St. Paul Road, 5380, Canadian Hosiery Reg., manufacturing rubber hosing.

Côte St. Paul Road, 5445, Canadian Fibre Co., manufacturing fibre.

Côte St. Paul Road, 5523, Douglass Bros., manufacturing sheet metal products.

Decourcelles, 604 Vino Products Co., manufacturing scales.

Decourcelles, 606, Thos. Boanar Co., manufacturing jute bags.

Decourcelles, 640, Durant Hat Co., manufacturing hats.

Decourcelles, 640, United Paper Box Co., manufacturing cardboard boxes.

Decourcelles, 644, Tooke Bros., manufacturing shirts, etc.

Decourcelles, 823, Dominion Ornamental Metal & Machine, manufacturing tools.

Côte St. Paul Rd., 5565, Simmons Co., Ltd., manufacturing glue.

Côte St. Paul Rd., 5575, J. D. Robb Co., manufacturing glue.

Côte St. Paul Rd., 5701, Canada Car & Foundry Co., manufacturing engines.

Dagenais, 4750, Johnson Wire Works, manufacturing wiring of all kinds.

Dagenais, 4905, Artistic Frame Co., Ltd., manufacturing frames of all kinds.

Turgeon, 74, Globe Hat Co., manufacturing hats.

Turgeon, 78, Celtic Knitting Co., manufacturing hosiery.

St. James, 2200, Lowe Bros., manufacturing paint.

St. James, 2260, Bengalee Brand Co., manufacturing chemicals.

St. James, 2545, Solo Products Co., manufacturing chemicals.

St. James, 3151, E. Dinsmore Co. Ltd., manufacturing paper.

St. James, 3181, Beacon Products Co., manufacturing toileteries.

St. James, 3187, Crawford Candy Co., manufacturing candy, toffee.

St. James, 3451, London Paper Box Co., manufacturing cardboard boxes.

St. James, 3520, A. W. Reeves Co., manufacturing tarred paper.

St. James, 3550, Plants Machinery Co., manufacturing machinists' tools.

St. James, 3701, T. Lafond Enr., manufacturing vehicles.

St. James, 3737, Dominion Oxygen Co., manufacturing liquid air.

St. James, 3933, The Chrome & Plastic Co., manufacturing plastic products.

St. James, 4237, International Mart Co.

St. James, 4351, Electro Maintenance Co., manufacturing electrical equipment.

St. James, 4501, Provincial Pest Co., manufacturing chemicals.

St. Antoine, 2,234, J. O. Lambert Co., manufacturing cough syrup.

St. Antoine, 3,158, Rex Oil Burner, manufacturing oil burners.

St. Antoine, 3,448, J. Martin Co., manufacturing pastries.

St. Antoine, 3,470, Stewart Bros., manufacturing soft drinks.

St. Antoine, 3,520, The Gart Co. Ltd., manufacturing pipes and radiators.

St. Antoine, 3,601, The Imperial Tobacco, manufacturing cigarettes.

St. Antoine, 4,001, Mufco Corporation Co., manufacturing pipes.

St. Antoine, 4,271, Chic Junior Sportswear Co., manufacturing children's clothing.

St. Antoine, 4,271, British America Co., manufacturing tools.

St. Antoine, 4,271, Recoup Tools Co., manufacturing tools.

St. Antoine, 3,550, Electric Switch Co., manufacturing electrical appliances.

St. Antoine, 3,550, Industrial Distributor Co., manufacturing chemicals.

Atwater, 217, Montreal Iron Smelters Co., manufacturing foundry.

Atwater, 225, Rutherford Lumber Co., manufacturing doors and sashes.

Atwater, 703, John Millen & Son, manufacturing bicycle accessories.

Atwater, 821, Machine Shop Ltd., manufacturing tools.

St. Ambroise, 3,744, Page Hersey Tube Ltd., manufacturing pipes, etc.

St. Ambroise, 3,850, United Chemical Co., manufacturing chemicals.

St. Ambroise, 3,830, Electrical Products Co., manufacturing electrical appliances.

St. Ambroise, 3,830, Canada Fibre Co., manufacturing fibre.

St. Ambroise, 3,830, Universal Chemical Co., manufacturing chemistry.

St. Ambroise, 3,970, Dominion Textile Co., manufacturing cotton.

St. Ambroise, 5,022, Canada Malting Co., manufacturing brewery malt.

St. Ambroise, 5,070, Standard Chemical Co., manufacturing alcohol.

St. Ambroise, 5,170, Montreal Dual Mixed Cement, manufacturing cement.

Workman, 2,115, Electric Tamper Co., manufacturing electrical appliances.

Delisle, 2,137, Canadian Metal Products, manufacturing metal toys.

Richelieu, 4295, Canadian Foundry Co., manufacturing foundry.

St. Augustin, 289 Autogenous Welding, manufacturing automobile springs.

Vinet, 120, Dominion Wadding Co., manufacturing mattress wadding.

Du Collège, 837, J. Eveleigh Co., manufacturing luggage.

St. Ambroise, 3975, Conant Co. Ltd., manufacturing paints.

St. Ambroise, 4110, Steel Co. of Canada, manufacturing steel.

St. Ambroise, 4211, Machine Shop Co., manufacturing tools.

St. Ambroise, 4394, Dominion Elevator Co., manufacturing elevators.

St. Ambroise, 4700, Simmonds Bed Co., manufacturing beds, etc.

St. Ambroise, 4741, Canada Fire Bricks Co., manufacturing stove bricks.

St. Ambroise, 4790, Dominion Bleachery Co., manufacturing pillow cases, blankets.

Richelieu, 4295, Canadian Foundry Co., manufacturing radiators.

Notre Dame, 2037, Sterling Upholstering Co., manufacturing mattresses.

Notre Dame, 2050, Grier Lumber Co., manufacturing doors and sashes.

Notre Dame, 2062, J. W. Hazlett Co., manufacturing hat ornaments.

Notre Dame, 2070, J. A. Kennedy Co., manufacturing chemicals.

Notre Dame, 2050, Canada Marine Works Co., manufacturing marine engines.

Notre Dame, 2060, Bonner Leather Co., manufacturing leather goods.

Notre Dame, 2060, C. Galibert & Sons, manufacturing gloves.

Notre Dame, 2110, St. Lawrence Flour Co., manufacturing flour.

Notre Dame, 2117, Novo Plastic Co., manufacturing plastic wares.

Notre Dame, 2320, Steel Co. of Canada, manufacturing wire.

Notre Dame, 2358, Windsor Motor Co., manufacturing marine engines.

Notre Dame, 2449, Western Exterminating Co., manufacturing chemicals.

Notre Dame, 4030, Debonnar Dress Mfg. Co., manufacturing dresses (ladies').

Notre Dame, 5092, Texal Products Co., manufacturing chemicals.

Notre Dame, 5157, Verrerie Lamoureux Co., manufacturing glass.

Monk Blvd., 5733, Victor Côté, manufacturing skylights.

Monk Blvd., 5785, Canadian Plaque Ltd., manufacturing stoppers.

Monk Blvd., 5789 Peters Sportwear Reg., manufacturing sporting goods.

Briand, 5789, Arthur Beaudin Ltée., manufacturing cooked meats.

Allard, 2830, Victoria Cleaners Cie, manufacturing aprons.

Angers, 5955, Canadian Casings Corp., manufacturing sausage casings.

Beaulieu, 6369, Rivest Enregistrée, manufacturing candles.

Monk Blvd., 5639, Montreal Broom Cie, manufacturing brooms.

Monk Blvd., 5705, Sivrais & Plouffe, manufacturing footwear.

Briand, 6592, Laiterie Saint-Alexandre, manufacturing ice cream.

Briand, 6824, Emile Paquette Enrg., manufacturing artificial stone.

Jogues, 6388, Lasalle Broom Ltée., manufacturing brooms.

Jolicoeur, 2650, La Cie Cayouette, manufacturing doors and sashes.

Le Caron, 1804, Anvil Shop Enrg., manufacturing tools and anvils.

Hamilton, 2714, Provincial Industries, manufacturing barrels.

Hamilton, 5847, Chs. Duranceau & Cie, manufacturing barrels.

Hamilton, 6374, Fercraft Cie, manufacturing tools, etc.

Jacques Hertel, 2747, Canadian Rhodes Mfg. Co., manufacturing scales.

Hadley, 5578, M. Milloy & Sons, manufacturing chalk.

Hadley, 5726, B. M. Engineering Co., manufacturing jewellery.

Hamilton, 5660, Supertest Petroleum Corp., manufacturing gasoline.

Hamilton, 5765, Canadian Tube Steel Prod., manufacturing steel and pipes (wiring).

Eadie, 5680, St. Paul Woodworks Co., manufacturing furniture.

Eadie, 5694, Aluminum Foundry Co., manufacturing aluminum ware.

Galt, 1962, Daigle & Paul, manufacturing doors and sashes.

Hadley, 5555, F. Martel Cie, manufacturing automobile axles.

Daragon, 5933, West End Iron Ornamental Co., manufacturing iron ornaments.

Daragon, 6876, Co-Operative DesOrmeaux, manufacturing pharmaceutical products.

Desmonts, 6600, Dominion Textiles Co., manufacturing cotton.

Denonville, 2549, Chadwick & Co., manufacturing soap and cosmetics.

St. Patrick, 3300, Imperial Co., manufacturing gasoline.

St. Patrick, 3500, Ottawa Valley Lumber, manufacturing doors and sashes.

St. Patrick, 3552, Harrisson & Crossfield, manufacturing fertilizers.

St. Patrick, 3590, Truscon Steel Co. Ltd., manufacturing wire.

St. Patrick, 3700, Congoleum Co., Ltd., manufacturing linoleum.

St. Patrick, 3800, Crane Co., manufacturing valves.

St. Patrick, 4000, Canadian Power Boat Co., manufacturing boats.

St. Patrick, 4950, Welland Vale Co., manufacturing axes.

St. Patrick, 5010, C. O. Clark & Co., manufacturing bells.

St. Patrick, 5012, G. Gilmore Co., manufacturing drills (for wood).

St. Patrick, 5120, Mountroyal Rice Co., manufacturing rice.

St. Patrick, 5130, E. A. Mahon, manufacturing steelware.

St. Patrick, 5134, Excelsior Products, manufacturing packaging.

St. Patrick, 5170, West End Woodwork Co., manufacturing woodenware.

St. Patrick, 5290, Montreal Metal Products, manufacturing ornamental iron work.

St. Patrick, 5296, Montreal Blanket Co., manufacturing rugs and blankets.

St. Patrick, 5524, Dominion Cotton Ltd., manufacturing textiles.

St. Patrick, 5550, D. Côté Ltée., manufacturing tinware.

St. Patrick, 5555, Food Colours Ltd., manufacturing chemicals and flavours.

St. Patrick, 6000, Canada Packers Ltd., manufacturing fertilizers.

Saint Rémi, 555, Hiram L. Piper Co. Ltd., manufacturing ship accessories.

Saint Rémi, 595, Simonds Saw Co. Ltd., manufacturing saws.

Saint Rémi, 617, Jenkins Bros. Ltd., manufacturing valves.

Saint Rémi, 767, Autographic Register Co., manufacturing books of all kinds.

Dunn, 4805, Smith Transport Co., manufacturing trucking.

St. Patrick, 3437, Kingsway Transport Co., manufacturing trucking.

Canning, 741, Advance Machine Co. Ltd., manufacturing precision tools.

Saint Antoine, 1910, Davis & Lawrence Co., manufacturing drugs.

Saint Antoine, 1910, Oxo Ltd., manufacturing oxo (restorative).

Chatham, 618, W. Lunn Co. Ltd., manufacturing skates.

Des Seigneurs, 2 Canadian Paper Board Co., manufacturing pressed board.

Des Seigneurs, 12, International Cooperage Co., manufacturing barrels of all kinds.

William, 1980, Drummond McCall, manufacturing steel.

Hunter, 1911, Canada Dry Paint Co., manufacturing dry paint.

Canada Packers, manufacturing fertilizers.

Mr. Speaker, in our county, we need a tunnel under the Lachine canal, the Côte Saint Paul tunnel. Not only the present government, but all governments have recognized the great need for that tunnel. It was recognized in 1932 and 1½ million dollars were then voted in that connection. Ottawa did not have a Liberal government at that time and there was no by-election in the offing yet the necessity for that undertaking was recognized. A request was also made in 1935 during the general elections. However, the member then elected, my predecessor, Mr. Mercier, was appointed judge and was unable to press the authorities for the construction of that tunnel. I must add, Mr. Speaker, that at the time of my election in 1938, not only the candidate but the government undertook to have that tunnel built. The latter recognized that it was urgent to pierce a tunnel at that point. The Hon. Mr. Rinfret and the Hon. Mr. Cardin both saw the need for it. They are no longer with us, but the present member for St. Henri is anxious to have those promises fulfilled.

In 1938, a certain amount of money was voted and the site was chosen, after various difficulties had been overcome. As a matter of fact, due to certain drawbacks, the site was changed two or three times. Finally, it was agreed to pierce the tunnel at a certain spot, and soundings were taken. In 1938, there was a re-vote for that purpose, and another in 1939. Instructions were given to draw up plans. Everything went well until war was declared in 1939. At that time, plans were almost complete, but the government deemed fitting to suspend all operations during the war. I bowed to that decision, but last year I renewed my attempts. The housing crisis was so acute, however, that all building materials were required for dwelling purposes, and the government asked me to postpone my request until this year. Now, in 1947, I do hope that the government will fulfil its promise and vote once again the amount of money that was provided in 1938. I shall have to take up the matter with the city of Montreal, inasmuch as they contribute the land. I promise to go through all the necessary steps and to secure from the city of Montreal acceptance of the terms which I was granted as alderman for the ward. Let us begin to fulfil our obligations.

Reports were made in 1938 on the traffic borne by the Côte Saint Paul bridge. Statistical records were compiled very recently. They show that automobile, truck, pedestrian, bicycle and other traffic has doubled. If it were not asking too much I would again request permission to have this table placed on record. It is very long and would take some time to read.

Mr. SPEAKER: I must remind the hon. member that the house does not encourage members to place tables on record, lest *Hansard* become too bulky. He has been granted that permission once by the house and I wonder whether he would obtain it a second time.

Mr. BONNIER: This document would be too long to read, Mr. Speaker, and I do not think that hon. members would take in every particular.

(Text):

Mr. SPEAKER: Has the hon. member the unanimous consent of the house to put the document on *Hansard?*

Some hon. MEMBERS: Yes.

(Translation):

Mr. BONNIER: Here is the table in question.

LACHINE CANAL

TRAFFIC STATISTICS, BOTH WAYS ON COTE SAINT-PAUL BRIDGE

APRIL 23, 24, 25—1947

North End from Saint-Henri and elsewhere

—	Cars	Trucks	Pedestrians	Tramways	Horse-drawn vehicles	Bicycle	Buses	Motorcycles
April 23, from 12 noon to 6 p.m.	1,263	246	547	134	53	253	7	16
April 24, from 12 noon to 6 p.m.	1,653	888	516	143	27	176	7	12
April 25, from 12 noon to 6 p.m.	974	731	228	161	64	94	14	9

South End, from Ville-Emard, Cote Saint-Paul, Verdun, Lachine and country points

April 23, from 12 noon to 6 p.m.	1,124	883	306	143	43	101	8	5
April 24, from 12 noon to 6 p.m.	1,368	824	232	152	39	63	4	8
April 25, from 12 noon to 6 p.m.	1,525	766	311	164	44	173	22	13

N.B. I would point out that April 23, being a Wednesday, the stores closed at 1 p.m. Friday, being market day, traffic was heavy. The report also shows the direction of traffic.

[Mr. Bonnier.] H. HEBERT.

Traffic tied up by

April 23, 1947—
SS. *Lakeshell,* from 12.10 p.m. to 12.20 p.m.
SS. *Cyclobrave,* from 1.35 p.m. to 1.46 p.m.
Engine C.P.R. 6926, from 2.05 p.m. to 2.12 p.m.
SS. *Acadian,* from 2.35 p.m. to 2.42 p.m.
SS. *John A. McDougald,* from 2.33 p.m. to 2.42 p.m.
SS. *Captain Duguay,* from 2.48 p.m. to 2.53 p.m.
Yacht *Caroline,* from 3.37 p.m. to 3.42 p.m.
Engine C.P.R. 6920, from 4.35 p.m. to 4.39 p.m.
Tug *Glendowan* and Barge *Oka Sand,* from 4.52 p.m. to 4.56 p.m.
Engine 6920, from 5.18 p.m. to 5.25 p.m.

April 24, 1947—
SS. *Lakeshell,* from 2.30 p.m. to 2.38 p.m.
Engine 7012, C.P.R., from 3.00 p.m. to 3.07 p.m.
SS. *Burchton,* from 4.00 p.m. to 4.06 p.m.
SS. *Translate,* from 4.51 p.m. to 4.57 p.m.
Engine 6920, C.P.R., from 5.15 p.m. to 5.21 p.m.
SS. *Grainmotor,* from 5.40 p.m. to 5.50 p.m.
SS. *Penetang,* from 6.00 p.m. to 6.10 p.m.

April 25, 1947—
SS. *Keybar,* from 6.40 to 6.47 a.m.
Tug *Glendowan* and Barge *Oka 10,* from 7.00 a.m. to 7.10 a.m.
SS. *Starmount,* from 7.55 a.m. to 8.03 a.m.
SS. *Meaford,* from 8.15 a.m. to 8.22 a.m.
SS. *Barrie,* from 8.41 a.m. to 8.47 a.m.
SS. *Keydon,* from 9.22 a.m. to 9.27 a.m.
SS. *Cedarton,* from 9.59 a.m. to 10.05 a.m.
SS. *Damia,* from 10.33 a.m. to 10.38 a.m.
SS. *J. A. McDougald,* from 10.54 a.m. to 11.00 a.m.
SS. *Trenora,* from 11.14 a.m. to 11.20 a.m.

Now, Mr. Speaker, a few words on the subdivision of my constituency. A chunk has just been cut out of it. The government enacted a very interesting measure giving the province of Quebec eight additional constituencies, four of which go to Montreal. These had to come from somewhere else, from other constituencies, here and there. As it has been necessary to take part of mine away, I must tell you, Mr. Speaker, that I have received a number of protests, besides having made one myself. A committee of the house has been set up to judge these matters and they have decided that some sacrifices were necessary. There is no part of my constituency I would like to get rid of. My electors are all workers, right-minded workers.

I have gathered majorities in all sections. If I lose any of it, the hon. the Minister of Finance (Mr. Abbott) will be the gainer—

Mr. ABBOTT: Hear, hear!

Mr. BONNIER: —and my former constituents will lose nothing on the trade since the Minister of Finance will be their new representative.

In any case, if ever the former electors of my constituency, who were used to me and whom I have had the occasion to serve, wish to have recourse to my help, I shall always receive them sympathetically, their new position notwithstanding. The hon. the minister need entertain no fear about that piece of territory.

Mr. GAUTHIER (Portneuf): He is not the timid sort.

Mr. BONNIER: The members of the Union of Electors are few in my constituency and the small group of about 10 or 15 are not in that section and I shall take care of them. I have a majority of close to 11,000 and my six opponents all lost their deposits. Although they call themselves the League of the Union of Electors, they are neither numerous nor dangerous. However, as a branch of the Social Credit party, they still advocate a $20 a month bonus for all citizens without increase in taxation. I repeat for the benefit of the minister, that, until the end of my mandate, that is, until the next general election, I will continue to take the interest of my whole constituency to heart and I wish to assure all my constituents that I am always at their service.

Mr. ABBOTT: Thank you.

(Text):

Mr. D. J. McCUAIG (Maple Creek): Mr. Speaker, I should like to bring to the attention of the house and to the attention of the Minister of National Revenue (Mr. McCann) and of the Minister of Finance (Mr. Abbott) what I think is unfair and unjust treatment imposed upon farmers and small businessmen in respect of income taxation. This applies especially to the part of the country from which I come, where there has been a series of crop failures. For income tax purposes the farmer was unable to carry his losses over from year to year prior to 1944. The income tax law was amended in 1946 in order to remedy this unjust situation, but it went back only to 1944. By this amendment the loss on the 1944 operations could be carried into 1945 and subsequent years. But this left huge outstanding losses on operating expense incurred in the years prior to 1944. I should like to ask the minister: If this principle holds good back to 1944, why not be fair and go the whole way? The principle cannot be changed.

I will give an example in my own district. In 1936 we had practically a crop failure. We just got seed out of it. In 1937 there was a complete crop failure. There was not one bushel threshed in our district. In 1938 the crop was spotty. In 1939 and 1940 we had the

worst infestation of grasshoppers ever seen in western Canada. In 1941 there was a good crop and in 1942 there was the biggest crop we ever had. This is what happened. Hundreds of farmers were asked to make out income tax returns in the years 1943 and 1944 and to go back as far as 1940. Over the bad years there was a huge accumulation of debts—bank loans, machinery debt, repair bills, store accounts, doctor and hospital bills, back taxes and plenty of other things. The government, instead of giving the farmer a little encouragement, actually ruined the farmer's credit by not allowing him first to pay his debts, which I call his first obligation, to honour the trust and confidence which his fellow men, the small businessmen in town, had placed in him.

In 1942 there was a quota on wheat. The farmer could sell only so much. The same was true in 1943 and 1944. In 1943 and 1944 income tax inspectors travelled all over the country. The income tax branch and its inspectors completely ignored those past operating losses and allowed only current expenses which came within the income tax exemptions for the one year under review. The farmer was taxed for money which was not his, but which belonged to local businessmen who trusted him, gave him credit and provided him with means to carry on over those trying years. He was taxed to the limit on the income of those years I have mentioned, while he still owed a large amount of money.

Furthermore, there is the matter of the $1,200 exemption. In the years when the farmer had little or no revenue, he could not take advantage of that $1,200 exemption. He went into debt for the necessities of living and cost of operation of the farm. When a better crop year came along, he got the $1,200 exemption for that one year only, but still carried an accumulation of debt from the bad years. He was not permitted to carry forward the exemption of previous years in order to help pay the debts of those years. I want you to see, Mr. Speaker, that the farmer was stuck at both ends of the game, going and coming.

Let me give another instance. The income tax branch ruled that if a car was proved necessary for the carrying on of farming operations, car expense would be allowed. Expenses were allowed but depreciation was not allowed. If depreciation was not an expense, I should like to know what it was. I call it just plain chiselling. I would ask the minister to make a note of that.

The farmer's wife and family put in long hours, before school and after school, working in the garden, milking cows, feeding calves and raising chickens. They were the busiest people on the farm, but they were not allowed one dollar for their work. When it came to harvesting those things, they were required to give an account of every nickel, for income tax purposes. There was no thought or sympathetic consideration given to the appalling need for better homes, family needs, worn-out machinery and dilapidated buildings or, as was mentioned by an hon. member the other day, a well, which is a most necessary thing, for a farm must have water. After a farmer had spent long years wearing out tanks and wagons in drawing water, and had reached the stage when he had saved up a few dollars and could dig a well, the cost of the digging of this well was not allowed as an operating expense. This was what I call just more plain chiselling.

This is a far cry from the way our big business friends were treated. Double depreciation was allowed in many cases and, after making huge profits during the war, many government-assisted and built plants were handed back to the big fellows for a mere song. The Crane people were given $400,000. The Minister of Reconstruction and Supply (Mr. Howe) called it an incentive subsidy so that they would produce more. There was a large field ahead of this company; consumers were crying for more of their product and were likely to continue to do so for a long time. Why did this private enterprise industry not jump into it with their own capital or borrow money from the banks on their own responsibility, as the farmer has had to do? I think the government was pretty free with the taxpayers' money, money which belonged to the little people whom I am representing. Furthermore, no ceiling was put on the goods this company were making. They got the price they asked and they got subsidies besides; and do not let us forget that they had a complete monopoly on this product.

There is nothing needed more in the world today than food. People can do without bathtubs, but in order to live they must have food. Here we have, as a friendly gesture, $400,000 given to one firm with which to make bathtubs. Many times this amount was chiselled away from the tillers of the soil in income tax and subsidies, which subsidies should have been part of the selling price in the first place, but in my opinion it was called a subsidy so that it could be withdrawn and would not look so bad as would the reducing of prices. The farmers are not asking for an incentive; they are asking only for equity and justice. The most important industry in Canada should be treated on a par with other industries.

While this was going on, the Liberal government was deliberately taking the farmer's wheat and selling it to Canadian consumers

at thirty cents a bushel less than he could get for it on the export market. The stockman got the same kind of deal. A floor price was put underneath his product when it was in the hands of the packer, but no floor price was put under cattle when they were in the hands of the producers. Why was the agriculturist, the humble tiller of the soil, treated in this way? I can only see it as a continuation of the spirit of the feudal lords toward the common man. The concern of our economy is not for the health and welfare of human beings, to provide better homes, better families, better bodies. The concern of our economy is for money, power and control. In the short space of ten years we have seen a lot of material things pass into history. For instance, Mussolini and his gang, Hitler and his gang, Tojo and his gang, all have passed into history. Why? Because there was no place in their philosophy for the teaching of the Man of Galilee: service and humility. Yet it would appear that we have learned nothing. This is the most damning indictment against our so-called democracy today, and I do not think we have the chance of a snowball in the hot place to build a Canadian empire under an economy of this kind. We educate thousands of our children only to have them leave Canada, a land of great potential wealth and beauty. At the present time thousands of our young people are getting married, and they say they are not going to have children; they say they cannot afford to have children.

Some hon. MEMBERS: Oh, oh.

Mr. McCUAIG: That is quite common, and it is not a laughing matter. It will have a serious reaction on Canada's population in the next twenty years. I have been among these young people, and one hears that said on every hand. The magnificent churches of our cities are only half-filled today; yet the beer parlours are overflowing with men and women.

Some hon. MEMBERS: Oh, oh.

Mr. McCUAIG: The drink bill is increasing at an alarming rate, and members laugh about it. We are selling millions of bushels of wheat to brewers and distillers, good food which is needed for millions of starving children. Juvenile delinquency, accidents and crimes are increasing, and we have not the accommodation to care properly for fifty per cent of our mentally ill people. A large percentage of our working people are living in homes without modern accommodation, such as bathtubs and toilets. These things are recognized by the public today, as is manifested by delegations, briefs and petitions brought before this government. Just recently a petition was presented in this house bearing the signatures of over a quarter of a million people praying for more humane treatment and care of our old people. The plight of the physically handicapped and war widows was brought to the attention of the government. Public opinion is aroused in Canada today as never before, for the adoption of social Christian principles as propounded by the Cooperative Commonwealth Federation: humanity first.

To support this contention, Mr. Speaker, with your kind permission I shall submit some evidence, and from a corner of the house you would hardly expect it. I want to do honour where honour is due, in this case to an hon. member who, I think, is a conscientious and sincere gentleman. I quote from the speech of the hon. member for Broadview (Mr. Church), as recorded at page 3179 of *Hansard* for this session:

> We cannot afford any longer to sit still here and take no notice of what is going on in Canada. The danger to our freedom is greater from within Canada than from without.
>
> What is Canada's answer to all this? First, we should put our own place in order, overhaul the British North America Act and revise our parliamentary system and the other systems I have named. We should adopt some system of Christian socialism for the workers of this country, the white-collar employees, the artisans and the farmers. A system of Christian socialism—

An hon. MEMBER: What is that?

Mr. McCUAIG: I will give the hon. member a copy of the C.C.F. national manifesto. Further on, the hon. member had this to say:

> In the debate on constitutional reform on February 17, 1937, I referred to how the provincial legislatures were created, and I had a word to say in relation to industrial employment, contrasting the precepts of Christianity with the way in which our industrial workers are used. Personality counts as nothing; the dollar is all supreme. Modern life is machine life, soulless, a life of standardization, a high speed production, a highly efficient organization for the making of profits. Dividends are the chief objective; to get dividends, human beings are sacrificed. Wages were often below the level of mere subsistence, so that people were forced into other ways of life to eke out a precarious livelihood. I spoke of the long hours of work exacted, but reforms have been brought about in that. Senior employees, after long years of faithful service, were in many cases cast out without a retiring allowance to make room for younger people. I said that the law of Christ, that we should bear one another's burdens, was not being carried out.

Apparently the hon. member for Broadview knows the monopolistic bible. Two thousand years ago, Mr. Speaker, it was said, "Can any good thing come out of Nazareth?" and "A contrite heart and humble spirit should lead them." I wish the hon. member for Broadview every success and the best of luck in his evangelistic work in the Tory camp.

The espionage trials and other activities have led to a virtual campaign against communism and a spirit of hate against the U.S.S.R., not only in Canada but in the United States. Witch hunting and building capitalist bridgeheads around our democracies is the order of the day. The purpose of this is to prevent the communist ideology and philosophy from spreading farther into the western world.

As a practical man and a solid Canadian, who got his education in the hard school of trial and error, in practical application and results, I would say that we are starting at the wrong end and using an entirely wrong method to remedy this most dangerous situation between neighbours. The U.S.S.R. philosophy and their way of life is their own business, in their own country, and, if it is attractive to our people, we shall not stop it here by force, or government-sponsored subversive action. We can do it only by showing the world that we have something better—not in flowery words, but in the manner of practical application, in the utilization and distribution of all our great resources in the interests of all our people in Canada. This was the purpose of creation, and it is for the interests of mankind.

Let us put man on the pedestal, and show all the world that we glorify God's greatest handiwork—man in the image of his Maker. And let us do some straight thinking about this. If we do so we need not be afraid of any ism in Canada.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, I have not usurped much of your time during this session, and even though I push prorogation half an hour farther toward Christmas, I propose to make a few remarks at this time. I assure you that in dealing with the budget I shall endeavour neither to thresh old straw nor to advance any new economic ideology.

Having been in the house now for my third session of parliament, I thought I might usefully make some remarks concerning my observations of what we have been doing. I begin by complimenting the House of Commons, under your able direction, sir, upon the splendid tone generally maintained in our debates. I am not suggesting that in this respect we are all free from guilt. A week or so ago I saw my own name in the paper in connection with a short debate in which I took part in an exchange with one of the ministers. I assure you, sir, that I did not read with pride what I said on that occasion. I sincerely trust my adversary at that time would hold the same view concerning what he said.

[Mr. McCuaig.]

Those were little things. But it seems to me the absolute low in political public discussion was reached here the other night in the maiden speech of the hon. member for Cartier (Mr. Hartt). Speeches of that kind are not going to do us any good. However, you, sir, and hon. members have the satisfaction of knowing that if there is any change it must be for the better; it cannot be any lower than the bottom of the barrel.

I turn now to some matters concerning which I think there might be some improvement. I appreciate Your Honour's difficulty in dealing with questions asked when the orders of the day are called. I am conscious, too, of the difficulty you must have in making spot decisions as to a question's urgency or relevancy. It seems to me that we would do well to adopt the practice in the British House of Commons whereby, so many times each week, a definite time is set aside when questions may be asked of the government, and when there is no particular matter of urgency to be decided.

I must, however, offer some little criticism of the two ministers who unfortunately are not at the moment in their seats. I refer to the Minister of Labour (Mr. Mitchell) and the Minister of Finance (Mr. Abbott). I am sure no one would suggest for one moment that hon. members on this side ask any questions in which there could be political implications.

Some hon. MEMBERS: Oh, oh.

Mr. SMITH (Calgary West): I should think that would be generally assumed by the house. I would rate those two ministers by stating that the Minister of Labour wins all championships, not only through his failure to answer questions he is asked, but also for including politics in every reply he makes. The Minister of Finance is not a good second; indeed he is well down the list. I would not care to classify the rest of the field. It seems to me, however, that questions are not meant for that purpose. And, lest there be any doubt about the matter let me say that I was speaking ironically, because I know it does come from both sides of the house.

Having said that, I turn to a matter which has arisen in outstanding form during this session. I refer to the procedure of mixing legislative matters in one bill. We had, of course, the omnibus bill, and I appreciate it is not intended that the practice set up in that bill shall be followed. Perhaps it represented an unusual occasion. But, more important—and there was no reason for this—we had in one piece of legislation the

coupling of immigration with Chinese exclusion. There is nothing mutual about those subjects, and it seems to me that they should not have been placed in one bill.

Indeed the situation is like it would be if Your Honour were to ask me out to dinner—and may I add that that is not a hint—and you placed before me some caviar. I then tell you that I do not like caviar, as a result of which you say to me, "You eat the whole dinner, including the printer's name on the menu, or you eat nothing at all." That is exactly the position in which we are placed when the government ties together in one piece of legislation subjects which should be the subject matter of two or three bills, or whatever number the subjects would justify.

My next complaint is not against the government, but it is one for which, it seems to me, there should be a remedy. I refer to the utter lack of trained people in this building who could be of assistance to private members who are honestly trying to find out something about a subject in which they may be interested. I go all the way with what was said last year by the hon. member for Vancouver North (Mr. Sinclair), because private members on the government side and also on this side may find ourselves interested in a subject which would be dealt with in a department of one of the ministers. We may think that the government is wrong, and that an error in judgment is being made, and may feel that another course should be adopted.

What do we find? We find we must do all our own digging. This is in no sense a criticism of the few splendid people we have in the library. We just have not the kind of people I think we should have, and in my view it would be good for parliament and for the country if ministers were attacked a little more often.

One may make up his mind that a piece of legislation is totally bad, or that some of it is bad. I am not suggesting for one moment that it is intentionally that way. I refer to an honest difference of opinion. He comes into the House of Commons with what little assistance he can find and attacks the piece of legislation. The moccasin telegraph immediately gets working to the official gallery, and, in ten minutes or so, three, four, five, ten or fifty—take whatever number you want—people begin to work to show that you are wrong even though they know you are right. In other words, they attempt to find little reasons here and there to show that the fellow on the opposite side is wrong, even though they know he is right. It seems to me that that is carried a very long distance.

Let us assume that I ask a question of the Minister of National Defence (Mr. Claxton). I do not see him here and I am getting lonesome—oh, yes, I have found him now. Let us assume that I ask the Minister of National Defence what has happened to a certain thousand men in some camp in some remote spot in this country. Immediately the boys go to work and the first answer I get is that there is no camp with one thousand men. Sergeant Cook has ulcers of the stomach and is off strength for the moment, so the answer is given that I am just completely wrong.

Then he will carry on, "I will tell you how completely wrong you are because, by order in council 947,777, which I now table, it shows that the whole command was disbanded and there is nobody there at all." He will continue, "That order in council is 947,777A, because the treasury branch did not want to pass 947,778." I am beaten before I start, simply because I am unable to find any means in this building whereby I can gather the facts I need. It is easy to say to a private member, "Why do you not go and dig?" This is the ordinary life of a member of parliament in Ottawa as I have found it. I am not an early riser but I try to get here by ten o'clock.

An hon. MEMBER: Good.

Mr. SMITH (Calgary West): I am happy the hon. member thinks it is good. At eleven o'clock you have committees to attend; you have your lunch; you sit from three to six and from eight to eleven; in the meantime you take care of your correspondence and the errands you have to run and that sort of thing. Most of us live here in an atmosphere which is not good—I am referring to the air—for at least twelve hours a day. It just is not possible for anyone, unless he maintains a clipping service out of his own pocket, unless he pays research people himself, to have a sufficient and exhaustive knowledge of any subject in which he is interested. I mention these things in the ordinary life which we live.

In addition to that, we have all the reports of the committees. For example, we want to go home and be able to know something of what the veterans committee—it is not sitting this year—or the Indian committee or some other committee has been doing. We all try to keep up as well as we can with what has been accomplished. We should be able to go to someone and say, "Let me have a summary of what has taken place there." It is true that

we have secretaries, but I doubt very much if many hon. members have secretaries who are capable of doing that. I am happy to say that I have an excellent secretary, but as yet I have not asked her to go through that business.

I turn now to a matter which interests the country greatly, the leadership of the Liberal party. I should like to give some excellent advice, because I know there are many people interested in knowing just where the mantle will fall. I have been watching some of the aspirants very carefully across the floor for some time, and I say to them that they should get out more into the country. As far as the people in the area in which I live are concerned, they could have two heads because they really do not know them. It may be that they prefer the anonymity—perhaps that is the wrong word—it may be that they prefer not to be seen, but I think they are all gentlemen of not undistinguished countenances and certainly we should like to see more of them in the part of the country in which I live. My last thought is that they should adopt the method employed a long time ago and simply cast lots for the mantle and settle the thing quickly in a friendly fashion.

I turn now to the budget. Every hon. member has complimented the Minister of Finance. I intend to do likewise, but only in one particular. I am always interested in forensic efforts whenever I find them, and I think one of the finest exhibitions I have ever seen was when the Minister of Finance used some words that will long remain in my mind. He stood up to his not inconsiderable height; his voice was resonant and ringing, and he gave an example of the greatest courage ever exhibited by a public man when he looked across here and with flashing eye and ringing tones said, "This is a real surplus." I compliment him upon that kind of performance. It was an oratorical effort which I think I shall long remember.

If this is a real surplus, then the minister can push water up hill with a sieve. He reversed all the ordinary laws of accountancy. If he still uses the method that he used here I am quite sure that he could upset Newton's law of gravity, and it would take most of us until tomorrow to find out that perhaps he was wrong.

I mention one other thing, a thing which, of course, is not political. I heard on the radio last night that a bridge was to be built between Halifax and Dartmouth, and I heard something about certain marsh lands in Nova Scotia. May I say that anything I say at the moment about the maritimes I want to preface with the statement that is usually found in books: Any reference to any person living or dead is purely coincidental. Taking my mind back through history, I remember that Lief Ericson discovered Nova Scotia some five or six hundred years ago. I was unable to find in the library any of Lief's memoirs, but I am sure that at that time he had something to say about the marsh lands of Nova Scotia. You will remember that Longfellow wrote a poem about the Acadians; this is the forest primeval, the murmuring pines and the hemlocks, and so on. That was his great poem, "Evangeline." I am sure the only reason Longfellow did not write about the marsh lands was that he died before he could really get anything ready on the marsh lands.

I have been reading *Hansard* for a considerable number of years and I can assure you, sir, that I have read of these marsh lands being discussed at almost every session of parliament for a great many years. I want you to believe me when I say I am sure that this is purely coincidental and has nothing to do with a certain by-election to be held in Halifax a month or so from now.

I shall mention only two things in connection with the budget. I mention, first, one little thing, and I do so only because I do not think I have received as many communications about any other subject as I have about this little matter of the tax on soft drinks. These letters come from Y.M.C.A.'s, church organizations and others. I have no doubt the drive was organized, but they all seem to feel keenly about this tax, and I think it it not yet too late to have this little bit of tax taken off.

I want to say a word about something which is not in the budget and which, I think, is not in the estimates of the Department of National Health, and I do so because, next to the soft drink matter, I am quite sure that my correspondence with respect to the disease of arthritis has been heavier than on any other subject. If I suggest to you, sir, that I speak feelingly on this subject I hope you will not think I am trying to make a pun; nevertheless it would go both ways.

When we hear, as we did last year from the then minister of health, that 600,000 of our population of 12,000,000 are suffering from this crippling disease, it does seem to me that no time should be wasted to find out, by way of research, why this thing is and, for those who already have the disease, what the cure may be. I realize that members in opposition are constantly suggesting to a government that it should go and spend money here and there. We want the government to do something in the west, as the hon. member for Medicine Hat (Mr. Wylie) so well put it and as so many others have put it. We want this and the

other fellows want that and, I suppose, if one took a pencil and added up all these proposed expenditures they might reach a staggering sum beyond the capability perhaps of any government to provide. So that it comes down to this: it becomes a matter of judgment for the government itself as to how the money we have can best be spent. Mr. Speaker, I recommend this expenditure on the cause and cure of arthritis, not only to relieve suffering—and it is intense in many cases and there are many sufferers—but because it has a bearing on our economic life, so much so that one could almost call this expenditure a self-liquidating project. The blow it strikes at our economic life through making 600,000 of our people unable to work is an argument on the economic side which might perhaps assist the minister in dealing with the treasury board.

I come now to discuss something of a serious nature, namely the wheat board. I have some figures. I am not asking permission to put them on *Hansard* by just filing a piece of paper, because I want to read them to the Minister of Trade and Commerce (Mr. MacKinnon). But first I want to say this. There has been no meeting of the agricultural committee of this house, I think since 1942. At no time in the history of the wheat board since 1936 have the audited accounts of that board ever been placed on the table of the House of Commons. I do not want to be misunderstood. I realize that, by statute and in fact, statements have been filed by the board itself, but no audited statements have ever been filed as such and were never filed before any public body in Canada until a few weeks ago when they were tabled in a senate committee. It is unfortunate that at that committee there was no reporter, so that only one copy of the statement was available. I did get a quick glance at it and, with assistance, extracted from it some figures which I should like to give to the house.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. SMITH (Calgary West): Mr. Speaker, when the house was good enough to give me three or four minutes at the dinner recess I assured you I intended to deal with only one other subject. I intend to live up to what I then said, but I must make this admission. I have listened with some care to the speeches made in this the greatest of all deliberative bodies in the Dominion of Canada, and I have noticed that, whoever speaks, whether it be on a bridge over a creek in his back yard or on baby bonuses or on international affairs, we have all become accustomed to the statement that it is the greatest problem facing the Canadian people at this particular time. Perhaps it is in our own bailiwick, but I do not pretend for a moment that what I am about to say ranks in that class at all.

As I indicated then, I intend for the first time in my life—I mean my life in this House of Commons—to use some figures, and these figures concern the wheat board of this country. And lest my hon. and very close and old friend the Minister of Trade and Commerce (Mr. MacKinnon) has any doubt about them, I can only say to him that I do not see any of his cohorts upstairs at the moment. I give him these figures on my responsibility as a member of parliament, and I say that as to their approximate correctness. By approximate correctness, I mean that there will be no deviation of over one per cent, and in any event it will be a very small figure.

This wheat board of ours cost, in 1939, in administrative and overhead expenses, $677,342; in 1942, $842,149; in 1945, $1,592,543. You will remember that this is all handling the same crop. I will admit they did take up some minor things like rape seed and a few incidentals which do not very much restrict or enlarge the picture. I may say to you, sir, that the increase there is 134 per cent between 1939 and 1945, and between 1942 and 1945 it is still 89 per cent.

I turn to some individual items and, first, I deal with the question of salaries. Before I go farther, may I assure everyone here that I am not at all presuming, or suggesting from these figures, any dishonesty or anything even savouring of that on the part of those who operate the wheat board. When I have given you these figures I intend to try to draw an inference which I think is quite fair and which has been consistent with the attitude taken by those of us who are in this parliament. I have extracted a number of items as follows:

	Salaries
1939	$304,566
1942	560,262
1945	1,114,116

I am using 1945 because that is the last crop brought to a finality, as I understand it; in other words, July 31, 1945. The percentage increase between 1939 and 1945 is 266 per cent, and the percentage increase over 1942 is 96 per cent.

Next I take rentals:

	Rentals
1939	$28,721
1942	38,871
1945	62,360

That is an increase of 117 per cent to 1945 and 60 per cent over 1942.

Here is a small item, but it seems to me to need explaining:

	Postage and excise
1939	$ 4,177
1942	10,528
1945	62,970

That is an increase of 1,403 per cent over 1939 and 49 per cent over 1942. The next item is audit fees:

	Audit fees
1939	$15,000
1942	28,500
1945	58,000

That is an increase of 286 per cent over 1939 and 103 per cent over 1942.

The next item is one that I do not understand. I am inclined to think it must be on a rental basis or something of that kind. It is called tabulating equipment:

	Tabulating equipment
1939	$19,347
1942	39,184
1945	62,569

That is an increase from 1939 to 1945 of 223 per cent and an increase over 1942 of 59 per cent.

The next item is travel:

	Travel
1939	$13,161
1942	49,711
1945	80,985

That represents an increase of 515 per cent over 1939 and 63 per cent over 1942.

I will get rid of all my figures and then I shall have some comment to make upon them. In the period, from 1936, when it was instituted, to 1945, the end of the crop year of 1944, this board lost in its operations $112 million. I wish to tell you, Mr. Speaker, and the house, how that was paid. They took a credit of $24,800,000 from their predecessor. They have obtained from the dominion treasury $87,450,000, and that is divided into two amounts. On July 31, 1945, they received $67,469,000, and at that time there was charged up and still to be drawn, $19,980,000. So you see how the loss has been made up.

One other item I intend to call to your attention and it is this. The balance sheet of July 31, 1945, shows that they have set up—and I quote exactly: "provision for expenses of issuing final payments", presumably referring to payment out of a residue of $10,377,597, or, in other words, ten per cent of the total, for issuing the final cheques with respect to the balances outstanding on participation certificates to farmers for that year. I said, sir, that I had no intention of charging against the wheat board anything savouring of dishonesty, or anything of that kind. But what I do say is that we in this party endeavoured to have this matter referred to a committee where there might be an examination of the operation of this board, but we were refused that by the government. May I also say that both the groups to my left, if my memory serves me correctly, voted with the government, although I think the hon. member for Winnipeg North Centre (Mr. Knowles) voted with us on that occasion. Remembering that they were handling the wheat crop of western Canada—that is not exactly all; there were other little duties added—I put this to you, sir, with great respect, that we have never had any explanation. Can you imagine that? We had great difficulty with the Department of Trade and Commerce. It took us at least six weeks in this house to find out what balance they had on their hands for the 1945 crop. But can you imagine it?—in salaries, there was a 266 per cent increase; in rentals, 117 per cent; postage and excise, 1,403 per cent; audit fees, 286 per cent; tabulating equipment—and that is a big word—223 per cent; travel, 515 per cent. All that without any explanation whatever having been given to this House of Commons!

I base my criticism on two grounds. I think even the most rabid-thinking person who sits opposite to me or to my left will agree that I am at least fair in this. My argument is twofold. The first is that if ever accounts required examination by the House of Commons, those accounts of the wheat board, of which I have given you instances, require examination. Perhaps I should have given the over-all figure. It is this. In 1939, total administration and overhead amounted to $677,342; in 1942, $842,149; in 1945, $1,592,543, or an increase, over-all, of 134 per cent in 1945 and 89 per cent in 1942. As I say, my criticism is twofold. I say that is something which should have had examination by the standing committee on agriculture. Just to mention this increase in astronomical figures is to say enough, it seems to me, almost to force on the mind of any fair-minded person that they are at least worthy of examination.

My second criticism is this. Here we are paying in one year to a firm of auditors, whose name escapes me at the moment, although I think Brown is the first name in the firm—

Mr. PARENT: Brown, Brown and Brown.

Mr. KNOWLES: The hon. member over there is colour blind.

Mr. SMITH (Calgary West): Frankly, I know I am getting a little bit deaf, but I do not like these whispering campaigns. The point I make is that this is one place at least, having regard to all our crown companies,

where this audit should be in the hands of Mr. Sellar, auditor general of the Dominion of Canada. I have not actually seen the auditor's certificate, but I assume it is that usually meaningless thing which is attached to every audit—where they say, we have seen this and we have seen that; the papers we asked for have been forthcoming, and so on—which, through sad experience in the courts, they have been driven to do and which, as we all now know, means nothing. But if the auditor general of the Dominion of Canada had these figures which I have now read, does anyone think he would not have had some comment to make with respect to them? I would ask the house to remember that we are continuing this wheat board now at least to the end of the British wheat agreement. The people over here at the moment want to continue it forever. I am quite sure they will change their minds about that as circumstances develop. But this is not a business where you need research people, or where you need great technical experts. It is just a bunch of people buying selling wheat, and that has been going on since the world began. Why this particular government company or crown company—call it what you like—is not under the auditor general and is not under the civil service is something that I at least—and it may be my fault—am completely incapable of understanding. Nor in the discussion on the Wheat Board Act did we receive any explanation from either the Minister of Trade and Commerce (Mr. MacKinnon) or the Minister of Agriculture (Mr. Gardiner), who collaborated so closely, as the house will remember, in answering some of the embarrassing questions which were then asked. We have not yet heard one reason given why that should not be so. I imagine it is a continuous audit. You could not pay $58,000, I am sure, unless it were a continuous audit. I have no doubt there are a bunch of bright boys over there who are learning chartered accountancy, and they were counting cheques and counting dollars and using this $62,569 of tabulating equipment rather well. I imagine they are not one-finger fellows. They can probably play the equipment as a man or woman plays a piano. But when we pay $58,000 a year, sir, for an audit, and all we get is just what I have told you, then it seems to me that Mr. Watson Sellar should be called in.

I close, sir, by repeating that I am not making any sign of a charge of dishonesty against anybody. But I say that this business has now cost the taxpayer $100 million odd, aside from what it has cost the farmer. This board made so much money, but their total loss over that area I have given is $100 million odd. What we are doing here is launching into something the end of which we know not.

Let us take two other institutions which are both government-owned and operated. Let us take Trans-Canada Air Lines and the Canadian Broadcasting Corporation. We all remember the history of the Canadian National Railways, and we all know they have been burrowing into the treasury of this country all these years. Now T.C.A. has started. Last year the C.B.C. lost $400,000, and this year will lose $500,000. There is only one place that money can come from. What we are doing, generally speaking, by these crown companies, these government operated companies, is just starting another snowball which the taxpayers of this country, through their dollars, will have to provide the energy and strength to push back up the hill whence it came.

Mr. MARCEL BOIVIN (Shefford) (Translation): Mr. Speaker, over the week-end I had the occasion to discuss at length with a group of my constituents who belong to the working class, the different measures now before the house and I was asked to express my opinion on the budget. I answered that I would do so in the very near future and so, with your permission and relying on the indulgence of hon. members, the voice of Shefford will once more be heard in this chamber.

On September 10, 1939, Canada declared war on Germany and on May 8, 1945, the united nations achieved final victory over their enemies. In just about a quarter of a century, our country had been through a second great war which had lasted six long years.

According to an old saying which I heard not so long ago, when your neighbour's house is on fire you must lend a helpful hand, if you want to protect your own buildings. Once the fire is extinguished, the victims are left to themselves to assess the damage and one often forgets all about his own efforts, although they may eventually have serious consequences.

I must say that on April 29 of this year, while listening to the financial resolutions submitted by the Minister of Finance (Mr. Abbott), I was reminded of this saying with the only difference that instead of a fire it was a war. Having lent a helpful hand to our allies, we know what will be the effect of that help on our financial position. Worrying serves no purpose; the consequences of our gesture will long be felt, but it is to be hoped that those whom we have helped will do likewise unto us, should we ever need their assistance.

Like hon. members who have spoken before me, I wish to avail myself of this opportunity to offer my most sincere congratulations to the Minister of Finance for the splendid way in which he presented his first budget. One can readily see that upon taking charge of his new department, he did everything he could to reduce considerably wartime expenses and I sincerely hope that he will continue to do so during the present fiscal year, in order to help the Canadian people who sorely need further tax reductions at the present time.

The members of this house were pleased to hear the Minister of Finance render unto Caesar the things that are Caesar's when he paid the following tribute to his predecessor:

> Behind us are the huge and difficult budgets of the war years—high water marks of achievement set by a minister of finance whose name will long be remembered and honoured by his fellow Canadians.

All hon. members will acclaim that statement and they understand that the present Minister of Justice had a hard and thankless task during the war, as Minister of Finance. In addition to providing a sound financial administration he prevented inflation.

You will agree, Mr. Speaker, that inflation threatened all countries of the world, save Canada, thanks to his wisdom and perspicacity, thanks also to the sagacity and foresight of those whom he selected for the task of protecting the stability of our currency.

There have been many shortages, it is true, owing to the many difficulties encountered by manufacturers and because a great number of them found it impossible to obtain raw materials. But through the department which came under his wing, the wartime prices and trade board, prices were held in constant check. In this way, Canadians saved millions and millions of dollars. I admit readily that he directed his department in a masterly fashion with the wise help of the Prime Minister, who has been leading our fair party for the past 27 years and has proved to the world that Canada could grow as well under a sound administration in times of stress as in years of prosperity.

On behalf of French-speaking members, may I congratulate most sincerely our English-speaking colleagues upon their successful efforts in learning our language. You have been listening, these last few days, to the hon. members for Moose Jaw (Mr. Thatcher), Saskatoon (Mr. Knight) and Kenora-Rainy River (Mr. Benidickson). To the latter, who has experienced great difficulty in learning French, I extend my congratulations and those of my colleagues. The hon. member for Calgary West should try to imitate his colleagues instead of passing remarks. Thereby he would help his own people and contribute to a greater extent to the unity of Canada.

As I have already stated in this house, I belonged to the working class until June 11, 1945. Therefore, paragraphs 3 and 4 of the budget speech aroused my interest. For this reason I should like to refer to it and to call the attention of the minister of finance to certain statements, in order to assist the workingman and the small wage-earner. The minister said:

> Our available manpower is almost fully employed.

It is true that there is no scarcity of manpower, but even with the lifting of wage controls and the granting of small wage increases, the low wage-earner is still experiencing financial difficulties.

For instance, let us take the case of a labourer who, in 1940, was receiving $18 per week. He was then paying 25 cents for two pounds of steak, $20 for a suit of clothes, $4 for a pair of shoes, $2 for a hat and proportionate prices for other items. Now let us suppose that in recognition of his devotion to duty and his hard work, his employer has given him an increase of $16 a week—if so he is more fortunate than most of his fellow workers—and he is now receiving $34 per week. However, he must now pay 50 cents per pound for steak—and not of the best quality at that—$60 to $65 for a suit—more in many cases—$10 for shoes and higher prices for all other items. In order to bear out those statements, I got in touch with a dealer in men's furnishings of Granby who told me that prices of goods have increased generally by 20 per cent from 1940 to 1946 and in some cases by 60 per cent since the lifting of controls. Generally the quality is much lower.

It must be admitted that wages have not gone up at the same rate as the cost of living. I trust a solution may be found and I even wonder if decontrol has not been too hasty.

Mr. Speaker, if I remember rightly, at the time of the last budget I requested exemptions of $1,200 for single persons and $2,000 for married persons. Now, about personal income tax, in going over the new schedule, I recalled the Right Hon. J. L. Ilsley's statement to the effect that:

> The income tax is the fairest and best tax on which to rely for the bulk of our revenue. More than any other, it takes ability to pay properly into account and this applies as well in the lower brackets as in the higher.

I have often given thought to those words and while we have been told that last year's exemptions of $750 and $1,500 were high enough to relieve more than 50 per cent of

Canadian wage-earners from all income tax, I feel it was not properly taken into account. For instance let us go into the financial situation of a single man earning $100 a month, or $1,200 a year.

As a first item, his room rent is now $6 a week, or $312 a year. His meals, at a minimum of 50 cents, cost him $1.50 a day, $10.50 a week or $546 a year. That is item No. 2. Let us allow him, say, $2.50 weekly for cigarettes and pocket money and we have a third item of $130 a year. Now allow the same taxpayer $60 for a single suit of clothes during the year, $50 for an overcoat, $5 for a hat, $10 for a pair of shoes, a minimum of $25 for handkerchiefs, socks, shirts, ties and underwear and $50 for working clothes. Allowing only a minimum in each case, item No. 4 amounts to $200 a year. Under item No. 5, we have medical treatment for an amount of at least $50. This does not take into account any time lost nor casual expenses and yet it provides only a bare existence and not by any means a decent standard of living.

But I was forgetting, Mr. Speaker, that the same individual is subject to income tax. Looking at the table given by the Minister of Finance in his budget speech, I find that on an income of $1,200 a year he must pay by cheque to the order of the Receiver General of Canada, the sum of $61 representing item No. 6. If we add up those several amounts, we get a total of $1,299, which means a deficit of $99.

Now let us take as an example, the married man with two dependent children and a salary of $2,000 a year. There we have:

Minimum rent, $30 a month, $360 a year.

Electricity, $4.50 a month, $54 a year.

Recreation for the family, $4 a week, $208 a year.

Clothing, for himself, $200 per annum.

Clothing, for his wife, $100 per annum.

Clothing, for his children, $150 per annum.

Food, $3 a day, minimum $1,095 per annum.

Medical expenses, $100 per annum.

Life insurance, householder, ignoring the rest of the family, $84 per annum.

Fire insurance, $8 per annum.

Income tax, $36 per annum.

Omitting household and miscellaneous expenditures, we have a total of $2,395 per annum.

To be generous, let us deduct family allowances of $7 and $8 a month, or $15 a month, $180 per annum.

The total becomes $2,215, representing a deficit of $215.

Therefore, Mr. Speaker, this married man earning $2,000, even after receiving family allowances worth $180, still shows a deficit of $215 and runs into debt.

When his children are a little older, he will find some excuse, in spite of compulsory education, to keep them out of school so that they may help him, not to clear himself from debt, but to balance his budget.

From the example which I have submitted today, it will be realized, I trust, that expenses must be further reduced and that the worker must be granted enough of an exemption to meet his obligations, for it must not be forgotten that if he is financially successful the country benefits by it.

Note that the above-mentioned tables are based on $1,200 and $2,000 exemptions. How would the figures compare if I had compiled this information according to the $750 and $1,500 exemptions in effect in 1946?

I was not in the least surprised to read in the newspapers that on March 31, 1946, 328,288 Canadians had not yet paid their income tax. I fear that, under present conditions, the number will increase. For that reason, I entirely agree with what the hon. member for Terrebonne (Mr. Bertrand) said in this house on May 12 last, about income tax and the payment of interest by taxpayers.

Mr. Speaker, although I have proven that, in my opinion, the present exemption is too low, I admit that this budget is very interesting. I had looked forward to an increase in exemptions but the government decided instead to decrease the income tax 29 per cent on the average. The reduction is as high as 54 per cent in the case of those in the lower income brackets and thus, it will benefit the working class.

I have carefully noted what the minister said on April 29 last. I quote:

> Some increases in inventories are occurring but apparently not on a large scale, presumably because the pressure of demand in most cases is so excessive that neither producers nor dealers can keep ahead of it.

Later on, he said:

> . . . most of our imports have had to come from the United States.

In that connection I must say that at the present time commercial travellers are selling large quantities of American goods to our stores at a much higher price; such a condition is disadvantageous to the Canadian people who will have to pay more for the goods, but it is also unfavourable to our own industry which will find the market overstocked when it is in a position to produce at full capacity.

Speaking of the working class, the Minister of Finance mentioned dwellings and said there was still an acute shortage in spite of all the efforts to alleviate it.

There is no room for doubt in my mind, after listening on January 7 to the statement of the Minister of Reconstruction and Supply (Mr. Howe) to the effect that despite shortages of materials, 59,846 housing units had been built in 1946 and that construction of 80,000 units was contemplated in 1947.

I am very anxious to know the cost of houses which have been built with a great deal of difficulty without the help of a government subsidiary. I know very well that in 1946 nobody could obtain nails anywhere except on the great market which became popular with many people and which is still called the black market. Gyproc could be had on the same market, for a small consideration. To secure any plumbing material, one had to oil somebody's palm, even when oil was scarce.

On July 11, 1946, page 3342 of *Hansard,* I dealt with a few points in connection with building. I now wish to add that construction of theatres, garages, restaurants, summer cottages, and all buildings detrimental to the providing of materials required for private homes should be suspended for a certain period of time.

Allow me to quote from an article published in *La Voix de l'Est,* Granby's daily neswaper, on February 21, 1947 under the heading "Significant Figures on the Need of Houses for Workers". This report told of a survey launched in 25 urban centres by a workers' league. It showed that only 5·9 per cent of the workers owned their homes in my province.

Those statistics also reveal overcrowding; there are an average of 6·76 persons per housing unit whereas each unit contains only 4·67 rooms. In 60·4 homes there is no dining room, and in 34·6 there is no living room. In 12·4 per cent of cases, people sleep in the kitchen; in 23·8 per cent in the dining room and in 41·4 per cent in the living room. This survey shows that steps should be taken to remedy the situation.

The minister has referred in the budget speech to the high level of our production and income, owing to a large extent to our export trade. It is true that Canada exports more goods than she consumes and that exports are necessary. The minister insisted on the fact that the export credit programme was essentially a transitional measure.

He also made a statement which the people of Canada had been expecting for a long time when he added that the government did not contemplate a continuing, large-scale programme of government lending to finance our exports to other countries.

It is true that we have done our full share to help our allies when they were in danger, and I note with pleasure, from the speech of the minister, that we are returning to a business basis and I trust that notwithstanding the increased prices we shall not be called upon to make further extended loans to England or to any other country, which would be detrimental to our own interests.

May I now broach another topic of keen interest to my own constituents, agriculture, which, in so far as it applies to other parts of Canada, takes up a large share of the debates in this house. There has been a call for increased production through proper use of abundant farm machinery and improved methods of cultivation, undoubtedly with a view to boost our foreign markets. It should be noted, however, that our export policy is such as to make it impossible for a great many of our farmers to keep producing at the increased rate they have been doing, at the wise suggestion of experts. Box cars have all been requisitioned for the transport of goods, for the shipment of grain for overseas so that what little grain is shipped to eastern Canada is often sold milled and sacked, at consequently higher prices though of lower quality, while slow deliveries often puts farmers in a difficult position. I hope we may look forward to improvement in this respect and that the present handicaps to the Quebec farmers will be removed with the help of the departments concerned.

In closing, I should like to extend my deepest congratulations to the hon. Minister of Finance for setting the course of his financial policy for the general purpose of avoiding inflation as far as practicable and thus assuring Canada of a farm and industrial production that will make ours one of the world's least unfortunate if not most prosperous of nations.

Mr. FREDERIC DORION (Charlevoix-Saguenay): Mr. Speaker, the speech of the hon. the Minister of Finance (Mr. Abbott) surely created a great impression at the time it was made. However, there is a but. The following analysis of it in this house and outside is a sure indication that the proposed budget does not at all meet the expectations of the average taxpayer, nor his wishes.

Had the minister considered the numerous representations submitted to us in the last months, he surely would have realized, for one thing, that, in connection with the income tax, the small taxpayer expected an increase in the exemption to at least $2,500 for married

men and $1,500 for single persons. It has already been amply proved that the $1,500 exemption granted the married man is absolutely inadequate and that the present rates of taxation applying to incomes of family men, assume a character that is detrimental to families and even anti-social. However, there is another very serious disadvantage arising from the deduction at the source; I do not mean to criticize the system itself, for I consider it commendable. I claim that were we to lighten the burden of taxation for those in the lower income brackets, we would, at the same time, remove, for thousands of taxpayers, the inconveniences resulting from the administration of this system.

We all know that, at the present time, the employer has to deduct part of his employee's salary, on the assumption that his total income will be based on the wages paid to him. If the job is temporary or intermittent, as is often the case, the wage-earner may subsequently be unemployed for a certain period, or he may have to be satisfied with a lower salary, so that, at the end of the year, when everything is reckoned, he would find out that his total income for the twelve months does not reach the amount of the exemption he is entitled to. Then he will have to get busy and write the proper authorities to claim the amount deducted from his salary and it will be many months, sometimes a year, before he recovers those deductions.

A very large proportion of wage-earners have the tax deducted at the source and are in the position I have outlined; hence, by raising the exemptions, we would avoid the inconvenience and trouble incidental to deductions at the source for thousands of taxpayers, while at the same time, making a social contribution.

If the government must, on the one hand, take the required means to collect needed revenue, it should, on the other hand, try to spare its citizens troublesome practices that are hardly profitable but prompt those upon whom they are inflicted to criticize and protest, often with full justification.

There is no doubt that it has cost the government a great deal to collect these insignificant sums deducted at the source, and it is obvious that the checking required when claims are submitted and the mailing of refunds have put the treasury to considerable expense.

How often have we not heard complaints from dissatisfied workers who, after a few months employment, find that the few dollars so essential to them and their families are deducted from their pay. They know that they can claim a refund, but they are also fully aware that it will not be forthcoming for many a month. Then, they voice their criticism, grumble against the state and society and claim that they are unfairly treated: as a result, they become fertile soil for the development of subversive ideas.

I honestly believe that the government should have increased the non-taxable portion of income and, in order to maintain its returns at the same level, it should have lowered the exemption granted taxpayers in the upper brackets.

Other taxes should also have been eliminated. I refer to those which are generally known as nuisance taxes. The revenue which they provide could easily be derived from other sources and their repeal would bring the people a measure of comfort far outweighing the receipts accruing from said taxes.

In wartime, the people willingly submitted to these taxes because they were ready to make all sorts of sacrifice, but now that the war has been over for two years, they are entitled to some slight relief. Moreover, the circumstances under which these taxes were introduced must not be forgotten. Not only was it necessary to fill the treasury coffers with the funds required for the pursuit of our war effort, but the idea was to curtail, as far as possible, the demad for the goods thus taxed. Due to wartime needs, it became imperative to apply strict restrictions on the consumption of all goods, save those of an essential nature.

Although the purchasing power was very high, the government could more easily convince the people that they should make use of that power to purchase war savings certificates and war bonds; today, however, circumstances are entirely different. The reasons which motivated that kind of taxes no longer exist and the government should help the Canadian people to return as quickly as possible to a normal life and enable consumers to obtain more easily the goods of which they were partially or totally deprived during the war.

This debate on the budget gives us the best opportunity of stating and submitting to the government, and to the population as a whole, the needs and representations of our fellow-citizens.

I take this opportunity to make a few remarks on Canada's internal policy and also to indicate my constituents' views on our external policy.

Mr. ARSENAULT: May I ask the hon. member a question before he deals with our external policy? Will he vote for or against the budget?

Mr. DORION: The hon. member will no doubt see for himself when I have finished my speech.

An hon. MEMBER: I am not so sure about that.

Mr. DORION: As far as internal policy is concerned, I believe, Mr. Speaker, that the question of foremost interest to the Canadian taxpayers is the matter of dominion-provincial relations. Judging from the speeches made during this debate, I would say that that question was the subject of a great many of them. I do not hesitate to say that I was particularly interested in the speech made yesterday afternoon by the hon. member for Bonaventure (Mr. Arsenault). The hon. member for Bonaventure who, on that occasion, supported centralization of power—and I congratulate him upon his courage—employed two arguments. First, he contends that the dominion government should have greater power in the fields of direct and indirect taxes, in order to prevent the depression which we may have to face two or three years hence. He summed up his thought in one sentence, which I find on page 3310 of *Hansard*. Here is what he said:

—in making such offers to the provinces, the dominion government is seeking to avoid the next depression, which would be the fifteenth.

The hon. member for Bonaventure spoke to us about the first fourteen depressions the world has known during the past hundred and fifty years. He submitted, as I have shown by quoting his own words, that in order to prevent the next depression, the central government should be granted extended powers.

I well remember the last depression, Mr. Speaker. The others occurred before my time and I did not witness them. I recall, however, that in 1929 and during the following years, many countries experienced a depression as severe as that which bore down on Canada and perhaps more so. Yet they did not have to contend with provincial legislatures. Take England, for instance. Obviously England did not have to cooperate with provincial governments. France was ruled by one central government. Belgium, Holland and many other countries where there existed no provincial governments were hit by the depression as severely as Canada and suffered even more bitterly.

Obviously it is very easy to make a statement, but arguments are needed to support such a stand. Personally, I know that during the twenty-seven years that I have been a practising lawyer, had I asserted, whenever I took up a case in court: "Your Honour, my client is right", that would not have been sufficient for me to win my case. Such a statement must be based on facts which can support it. In many instances, as I have just shown, many countries that had but a central government, were unable to prevent depressions; that is clear and obvious.

In one European country, the depression was less severe than in others. Indeed, I remember that in 1933, when Hitler came to power in Germany and began to prepare his country for the terrible and devastating war from which the world has just emerged, the depression was much less acute there than elsewhere; note, however, the kind of economic and political system that country submitted to during the years which were the forerunners of the dreadful catastrophe. Everyone knows that Hitler enslaved his people and shot his political opponents. If that is the type of economic and political system the hon. member advocates in order to prevent depressions, I will have none of it and much prefer democratic systems like our own, even though that may mean putting up with the drawbacks of depressions which, nevertheless, could easily be avoided if we took the proper means.

The second argument which the hon. member for Bonaventure put forth in support of his stand was drawn from three privy council decisions and from the constitution; he mentioned sections 91 and 92 of the British North America Act. Obviously, when one refers to legislation which at first sight appears more or less clear, its text should be carefully read and considered in order to be well understood. Section 91 of the British North America Act begins with the following sentence:

It shall be lawful for the Queen, by and with the advice and consent of the Senate and House of Commons, to make laws for the peace, order and good government of Canada, in relation to all matters not coming within the classes of subjects by this act assigned exclusively to the legislatures of the provinces.

Section 92 gives a list of the exclusive powers of provincial legislatures. I quote the following excerpt:

In each province the legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated; that is to say:

Direct taxation within the province, in order to the raising of a revenue for provincial purposes.

I stress the following words "for provincial purposes". It is true that paragraph 3 of section 91 authorizes the Dominion Government to levy indirect taxes as well as direct taxes and I shall not argue that point. However, it seems to me that the Dominion Government is granted the power to levy direct taxes sub-

ject to the provisions of section 92. It is evident that those two sections should be read together. We cannot contend for one moment that the Dominion Government alone should have the power to levy direct taxes and deprive the provincial governments of the same right. It is evident that, in principle, both governments have the right to levy direct taxes.

However, there is a difference between having a right and exercising it. If my good friends will listen to me for a moment, they will see that in examining legislation such as this, it is easy to draw clear and precise conclusions but one must not confuse the issues. I repeat that it evidently follows that the Dominion Government cannot levy taxes without taking into account paragraph 2 of section 92; in other words, the provincial legislatures will first have the right to levy direct taxes needed for provincial purposes, and that necessarily follows from section 91.

Again, section 91 authorizes the Dominion Government to levy direct taxes, provided it takes into account the provisions of section 92. When a province must find revenue for provincial purposes, section 92 grants power to the provincial legislature to levy direct taxes to satisfy provincial needs. Once the province has availed itself of the right to levy taxes for provincial purposes, then and only then may the Dominion Government levy direct taxes for federal and not for provincial purposes.

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

Mr. DORION: Yes.

Mr. ARSENAULT: I want an answer immediately. I refer to the case of Silver Brothers vs. the Attorney General of the province of Quebec and the Attorney General of Canada, which dates back to 1942, regarding bankruptcy, mentioned in the *Appeal Cases*, page 189. Does the hon. member not admit that in this case the judicial committee of the privy council granted to the Canadian Parliament, that is the Dominion Government, priority over the provinces in the field of direct taxation?

Mr. DORION: I have here the "Dominion Law Reports" which contain precisely the case of Silver Brothers which he quoted yesterday. I shall come to that later.

Mr. ARSENAULT: I would like an answer.

Mr. DORION: You will get it, perhaps sooner than you wish.

Mr. ARSENAULT: I gave my answer yesterday.

Mr. DORION: I submit, Mr. Speaker, that if sections 91 and 92 are to be reconciled, if they have any meaning at all—for I base my contention on the law—if, as I am told, those direct taxes are to be set to rights, we must come to a logical and reasonable conclusion, based on the words I have just quoted and not on imagination. This only possible conclusion I have just expressed.

The hon. member for Bonaventure referred a moment ago to the three decisions given by the privy council which he quoted yesterday in support of his argument. Last night I took the trouble of reading those three decisions in the "Dominion Law Reports". Let us consider first the case of Forbes vs. The Attorney-General of Manitoba, which is contained in volume I of the "Dominion Law Reports" for 1937. Here is the judgment:

(Text):

The legislative authority of the provinces under section 92, (2) of the British North America Act, with respect to "direct taxation within the province," embraces the power to levy taxes upon residents of the province in respect of their incomes even though a resident be an employee or servant or officer of the dominion government, and the exercise of such power by the province is no encroachment upon the exclusive powers of the dominion parliament, to fix "the salaries and allowances of civil and other officers of the government of Canada," under section 91 (8) of the British North America Act; nor is it ultra vires of the provincial legislature to provide that if a wage-earner within the province receives his wages from an employer outside the province, without deduction of tax, the wage-earner shall himself pay the tax whether the outside employer be the dominion government or anyone else.

(Translation):

It appears from this decision, Mr. Speaker, that provincial legislatures have the power to impose a tax on wages in addition to the tax levied by the dominion government. This is the case of Forbes vs. The Attorney General of Manitoba.

Mr. ARSENAULT: Would the hon. member read the last paragraph of this judgment, after the word "lastly"?

Mr. DORION: The last paragraph of the case I have been quoting?

Mr. ARSENAULT: The case of Forbes vs. The Attorney General of Manitoba?

Mr. DORION: My hon. friend may see for himself. I shall have the book sent to him.

Mr. ARSENAULT: Read after the word "lastly".

Mr. DORION: I quote this decision of the privy council from the "Dominion Law Reports". I do not think that these law reports can be questioned.

As regards the case of Silver Brothers vs. The Attorney General of Quebec and the Attorney General of Canada, here is the judgment passed by the privy council:

The hon. member will find that decision in volume II, 1932, of the "Dominion Law Reports", page 673, which states:

(Text):

It was competent for the dominion parliament to enact section 17 of the Special War Revenue Act, 1915 (Can.), chapter 8, as amended by 1922, chapter 47, which provided that, notwithstanding the provisions of the Bank Act and the Bankruptcy Act or any other statute or law, the liability to the crown for excise taxes should be the first charge on assets in priority to the claims of the crown in the right of a province, such legislation falling within the fourth proposition enunciated in re Fisheries Act, 1914.

But that provision must be read in conjunction with section 16 of the Interpretation Act of Canada, enacting that "no provision or enactment in any act shall affect in any manner whatsoever the rights of His Majesty . . . unless it is expressly stated therein that His Majesty shall be bound thereby;" and the effect—

(Translation):

Here I would ask the hon. member for Bonaventure to pay careful attention to the following:

(Text):

—and the effect of reading them in conjunction is to add to section 17 the proviso that the priority so conferred shall not operate against any right in the crown in a province where such right would be diminished by the priority being asserted against it, and, as there existed in the province of Quebec legislation giving priority for all sums due to the crown for certain taxes, therefore the province of Quebec, which had filed a claim in bankruptcy for such taxes, was entitled for taxes therefor over a claim by the dominion for taxes under section 17;

(Translation):

Now, that judgment of the privy council shows that provincial taxes have priority over dominion taxes.

Some hon. MEMBERS: Oh, no.

Mr. COURNOYER: Will the hon. member permit a question? I believe it was in connection with the execution of the judgment.

Mr. DORION: No, it deals with the whole case.

Mr. COURNOYER: It was a bankruptcy case.

Mr. DORION: Take this document to the members opposite so that they may read it. The last judgment quoted by the hon. member for Bonaventure is the judgment in the case of Caron vs. The King, which is found in volume IV, 1924, of the "Dominion Law Reports", page 105. As I stated at the beginning of my remarks, it was ruled in that case that the dominion government has the right to levy direct taxes; however, something else was decided in the same judgment. Reference is made to the former Parson case and I read at page 108 of that report:

(Text):

Their lordships adhere to that view and hold that, as regards direct taxation within the province to raise revenue for provincial purposes, that subject falls wholly within the jurisdiction of the provincial legislatures.

(Translation):

Now, Mr. Speaker, what is the issue raised by these proposals of the federal government? The dominion claims the right to raise money within the provinces by means of direct taxation and then to hand out certain amounts to the same provinces such as, for example, a sum of fifty and some odd millions of dollars to the province of Quebec. What do you expect the provincial government to do with that money if not to spend it for provincial purposes?

Mr. PARENT: Let out contracts for road construction.

Mr. DORION: That is the kind of intelligent interruptions we hear too often in this house.

As I said, if the federal government is to hand out money to the provinces, that money will of course serve provincial purposes. The governments of the provinces have no other use for it. Now, I submit that if the central government raises, through direct taxation, sums of money that are subsequently affected to provincial purposes, its action is contrary to the constitution, to the law and to the judgment of the privy council which I have just quoted. Therefore, Mr. Speaker, it seems clear that the supporters of centralization who base their argument solely on the British North America Act and the decisions of the privy council which I have quoted, must come to the conclusions which I have just drawn.

That is probably why the hon. members who spoke on the matter in this debate struck a different note and, for the most part, made it a question of partisanship, of personalities.

Mr. LANGLOIS: It is your very own policy.

Mr. DORION: Turning, for instance, to the speech of the hon. member for Dorchester (Mr. Tremblay), on page 2937 of *Hansard*,

I single out a sentence there that sums up the whole argument of his speech. I quote:

Just listen to Mr. Duplessis, and then to Mr. Drew; they both talk the same language.

Mr. LANGLOIS: They do.

Mr. DORION:

. . . They have the same epidermis, the same skin. They make the same sounds. They're twins, nay, Siamese twins, as my hon. friend has just pointed out.

The friend referred to by the hon. member for Dorchester was the hon. member for Chambly-Rouville (Mr. Pinard) who a few minutes earlier had stated precisely that Messrs. Drew and Duplessis are Siamese twins. Now the hon. member for Chambly-Rouville should possibly have recalled a certain recent speech of his own at St. Hyacinthe. In *La Presse* of Tuesday, May 13, 1947, I find the report of a meeting held at St. Hyacinthe where the principal speaker was the hon. member for Chambly-Rouville. The hon. member is quoted as follows:

A good part of the strikes affecting the country of late may be laid at the door of the C.C.F.

Ottawa also has a few independents, that is to say camouflaged Tories.

Some hon. MEMBERS: Hear, hear.

Mr. DORION: I am glad the hon. members opposite are pounding their desks. It proves that the hon. member for Chambly-Rouville is not the only one who knows something of camouflage.

Mr. LANGLOIS: The whole province of Quebec has learned about it, through you people.

Mr. DORION: At the time of that election, we did see, Mr. Speaker, what camouflage could be in the province of Quebec. There were all kinds of Liberal candidates: Independent Liberals, anti-conscription Liberals, anti-war Liberals, official Liberals, orthodox Liberals and even candidates who were not at all Liberals.

Mr. GAGNON: And how many more!

Mr. DORION: But the day after the election, all those various categories of Liberals had joined into a single, united, well-disciplined Liberal front.

An hon. MEMBER: How many Independents did you have in the last election?

Mr. DORION: But then, on this matter of camouflaged Tories, I would much rather abide by the judgment of the voters of the constituency of Charlevoix-Saguenay than that my hon. friends opposite who, in June of 1945, set up an organization that exhausted all possible means to bring about my defeat, as was admitted by the Liberal organizer himself. It was then that, throughout the constituency, Liberals kept calling me "camouflaged Tory." It was their sole argument anyway. Well sir, the Liberals of Charlevoix-Saguenay—and I call them that because for the previous twenty-five years they had been regularly returning a Liberal member to the house of Commons, each time with majorities of 8,000 to 10,000—those good, and shrewd Charlevoix-Saguenay Liberals were quicker than my hon. friends opposite to understand what to think of my opponents when they talked of a "camouflaged Tory", and elected me with a 4,000 vote majority.

Mr. Speaker, Quebec Liberals labour under the peculiar delusion that anyone who is not a Liberal must perforce be a Tory. They cannot conceive of anyone capable of independent thought, of acting on his own, with the courage to have personal ideas and truly to further the interests of his constituents.

Mr. Speaker, I now resume my quotation from the report in question:

. . . that is to say "camouflaged Tories who, for all their official denials are none the less supporters of Mr. Bracken's Conservative party and opponents of the Liberal party, as was forecast in the 1945 elections.

Those independents are of the same ilk as the members of l'Union Nationale, a party begot of imposture which carries on merely through imposture.

Some hon. MEMBERS: Hear, hear.

Mr. DORION: Mr. Speaker, though I have long been in politics I don't think anyone could ever accuse me of being dirty. My politics have always been clean and I mean to keep them so. However, if my hon. friends wish to hurl that kind of insults, I want them to know that I am also willing to lower myself to using the same weapons.

Mr. LANGLOIS: You started in 1935.

Mr. DORION: And I have in my possession certain files that might be very useful to me.

Mr. PARENT: He is adept in blackmail only.

Mr. DORION: As I said, Mr. Speaker, the hon. members who discussed that question of dominion-provincial relations have turned the question to one of short-sighted petty politics and, did you wish to be convinced of that fact, you would have only to read their speeches, particularly that of the hon. member for Cochrane (Mr. Bradette) reported on pages 3028 and 3029 of *Hansard*. Also the utterances of the hon. member for Cartier (Mr. Hartt), of which I quote the following excerpt from

page 3136. He said that, in 1942, the provincial legislature had handed over to the central power the right to collect indirect taxes in the province of Quebec and:

It was at that time that the federal government called upon the provinces to relinquish certain fields, to rent them out, to give a chance to the federal government to carry on the war. The Liberal government at that time in power in Quebec said, "Take it; we will cooperate; we want to do all we can." What did Mr. Duplessis, who was a member of the legislature at that time, say? He was in opposition at that time. Had hon. members been there they would have heard Mr. Duplessis' speech. They would have heard him say that we were giving away our autonomy. It has nothing to do with autonomy.

It is always the same: a personal struggle against two premiers.

Mr. HARTT: That is the plain truth.

Mr. DORION: And now, they want these people to beg the federal government to be kind enough to grant them permission to cooperate with them? Mr. Speaker, I claim that the hon. members now on the other side of the house are reducing the question to a matter of petty politics and thereby serve very badly not only the province of Quebec, but the whole of Canada and they are contributing to preclude a possible agreement between the federal and provincial governments.

And while I am speaking about the hon. member for Cartier, I wish to take him to task for a statement contained in his speech and which appears on page 3134 of *Hansard*. I quote:

I want to say with all reverence and respect that the sisters have a right to vote. Legally they had the right to vote and they received dispensation. When they went to register they allowed their pictures to be taken. There is nothing shameful about that; they were within their rights. But on election day you could not take a picture of any one of the sisters. Rumour had it that thirty costumes were rented and that other ladies were dressed in those nuns' costumes. That is why the umbrellas appeared. On their fingers there were diamond rings, and nuns have no diamond rings. They wore toeless shoes, and nuns do not wear toeless shoes.

Mr. Speaker, had such a statement not applied to an institution that is both respected and honoured in the province of Quebec, I would not have referred to it.

Mr. HARTT: Look at what is written. I said, "Other ladies were dressed in those nuns' costumes". There is no question of the nuns.

Mr. DORION: However, if the hon. member for Cartier is sincere—

Mr. SPEAKER: Order! I must remind hon. members that the first duty of the Speaker is to uphold the dignity of the house and I ask everyone to help the Speaker in keeping order and decorum. Another duty of the Speaker is to protect the freedom of speech. I believe that everyone should feel in duty bound not to interrupt the hon. member who has the floor, without his consent and without rising from his seat.

Mr. DORION: Mr. Speaker, if the hon. member for Cartier was serious in making that statement may I ask him how in this poll, where there were a returning officer chosen by himself I am sure, a clerk also of his choice and at least five or six representatives of candidates—since there were five candidates at that election—how such a group of people allowed persons under such disguise to cast their votes. If his allegations were true, an inquiry should be held immediately and the returning officer as well as the clerk responsible for such shocking irregularities—that is, letting people vote who had no right to do so —should be arrested.

Mr. HARTT: The union nationale was also represented.

Mr. DORION: Mr. Speaker, I said a while ago that I wished to make a few brief remarks regarding the sentiments of my constituents on the matter of Canada's foreign policy. They will conclude my speech.

In this connection, I believe our first duty is to decide as soon as possible to belong to the pan-American Union. We are expected there, our participation is anxiously awaited. There is not the least doubt that belonging to that union would be in the best interests of our country. Why delay a step that becomes more and more essential? It is probable that our participation in the pan-American Union would give more weight to our views in the international councils.

Mr. LALONDE: Would the hon. member allow me a question? Is not membership in the pan-American Union reserved to republics alone? I am not sure, that is why I ask.

Mr. DORION: In answer I would say that there is a place for Canada in that body, that the seat reserved for our country is empty and that we have had numberless invitations to join the union.

Mr. LALONDE: Republics only are eligible?

Mr. COTE (Matapedia-Matane): Will the hon. member allow a question?

Mr. DORION: I am sorry. My time is running out fast, Mr. Speaker, and I will not allow questions.

Some hon. MEMBERS: You will be given the necessary time.

Mr. DORION: Are the ties binding us to England so powerful and so close as to prevent us from dealing on a basis of equality with other American nations? No matter how energetically we rely on the Statute of Westminster to claim that we have become an independent nation, as long as the facts remain as they are at present; as long as, while making grandiloquent statements, we act as colonials, so long will our share in international affairs keep us away from the discussions of peace settlements.

There is another courageous step that the government should take as soon as possible: that would be to name an ambassador to the Vatican. I do not wish to boast too much about it, but I am proud of having been the first member of this house to advocate representation at the Vatican.

In passing, may I say this to the Right Hon. the Minister of External Affairs (Mr. St. Laurent): newspaper comments which appeared the day after I discussed this matter in 1944 show that I did not shock the country. On the contrary, comments were entirely objective and I am more and more convinced that the time has come to take this step.

Canada, with a diplomatic corps as distinguished as it is numerous, does not officially recognize the Holy See.

During the past few years, more particularly, the Holy Father has acquired singular prestige in the eyes of individuals and nations. A glance at the list of people to whom he has granted an audience is all the evidence needed.

Without going into further detail, allow me to recall a curious episode of contemporary history; I refer to the fact that the diplomatic corps accredited to the Holy See confined itself within the Vatican from 1940 to 1945.

Towards the end of May 1940, Ciano informed the Nuncio that in case of war, the diplomats accredited to the Holy See would not be allowed to remain in office unless they settled in the Vatican City. Where and how was a diplomatic corps to be accommodated in that tiny state which entirely lacked hotels, boarding houses, schools, private dwellings, theatres, hospitals, cafes and cemeteries?

All the states concerned claimed it their right and proclaimed it their duty to have their diplomatic agents accredited to the Holy Father remain in office during the dreadful crisis of war; they therefore asked the secretary of state to provide the necessary accomodation for them in the Vatican City.

With amazing speed, the Vatican engineers effected the required changes.

France, Poland, Belgium and Great Britain were the first four states to request Vatican hospitality. Next came the South American republics: Bolivia, Brazil, Colombia, Cuba, Ecuador, Peru and Venezuela. In 1943, China established diplomatic relations with the Holy See and Dr. Cheou Kand Sie then joined his allied colleagues.

During the war, forty states kept their representatives to the Holy See in office.

All these diplomats did not confine themselves to the Vatican just for the fun of it, for entertainment was scarce; neither did devotional reasons keep them there, for many of them—the busiest—were not even Roman Catholics. Why were all these states so anxious to remain in direct contact with the Pope?

England, ignoring ancient prejudices when empire interests are at stake, devoted herself to the common cause. The presence of a British legation at the Vatican has not modified in the slightest degree the position of the established and non-conformist churches in England.

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but his time is up.

Mr. DORION: I shall be through in two minutes.

Mr. LACOMBE: Mr. Speaker—

Some hon. MEMBERS: Let him speak!

Mr. DORION: A little later, the United States asked that Myron T. Taylor, president Roosevelt's personal representative accredited to the Holy See, also be admitted to the Vatican City.

Thus, among the important nations of the world, only four are not represented at the Holy See, namely, the Soviet Union, Mexico, Turkey and Canada. We are indeed in strange company.

Had normal relations been maintained between Canada and the Holy See, a great deal of misunderstanding could have been prevented among Canadians themselves.

I hope that the government will take into consideration the numerous representations from all parts of the country and that the question of a representative to the Holy See will shortly be settled once and for all.

In concluding, Mr. Speaker, I wish to say a few words about another aspect of our external policy.

Mr. SPEAKER: Order. I believe that the house has granted sufficient extra time to the hon. member to allow him to conclude his remarks.

Mr. DORION: Very well, Mr. Speaker.

(Text):

Mr. J. H. FERGUSON (Simcoe North): Mr. Speaker, as a descendant of British ancestors who over 100 years ago fought in the defence of Canada; as one whose ancestors of English, Irish and Scottish stock associated with the French Canadians to settle this country and make it possible for us to live here in peace, harmony and progress under a democratic form of government, I would be remiss if I did not take a few moments to say something in reply to the hon. member of the C.C.F. party from Maple Creek (Mr. McCuaig), who today put his arms around the communist government of Russia, asked that Canada set an example to that country, extolled its great virtues, and compared it with this great country of ours.

Mr. KNOWLES: And quoted the hon. member for Broadview (Mr. Church).

Mr. FERGUSON: I say the examples we set 100 years ago are now being followed by that communist country, which is only in its infancy as compared with the great Dominion of Canada. But I considered it my duty simply to remind hon. members of the C.C.F. that it is most obnoxious to the house to compare the Dominion of Canada with a communist controlled government in a country such as Russia is today.

Mr. KNOWLES: That is a complete distortion of the hon. member's speech.

Mr. FERGUSON: The hon. member's speech is no more distorted than some of the mentalities which try to interpret my remarks.

Mr. KNOWLES: That would be impossible.

Mr. FERGUSON: The house has heard and remembers only too well the attempt of the Minister of Finance to hearten the people of Canada with the budget speech which has had so many holes shot in it that it now looks like the sieve the hon. member for Calgary West (Mr. Smith) spoke about today. The minister's eloquence only coated the speech with a very fine tissue, but nothing capable of withstanding the well directed, accurate and justifiable shots that so easily punctured this government's budget to such an extent that further criticism is now unnecessary. The great majority of the people of Canada see quite clearly through the hoax that the Liberal government have endeavoured to foist on the Canadian people who sorely need, and are entitled to, at least some semblance of capable management and guidance of their public affairs.

[Mr. Speaker.]

I propose to bring out reasons that suggest more reasonable treatment for the people of Canada than they have been enjoying under a government that has mishandled the affairs of this country. We see on all sides government doubt, fear, contradiction, faltering in face of rising prices and possible acute chaos of the entire business of Canada. There is little promise for the wage-earners of this country if the government stubbornly persists in its present course. Too many people are complacent about the sinister shadows that hang over so much of the once civilized world. It can happen here. Canada lies squarely in the stream of history. It can guide that stream or be swept away by it. We can, and we should, be able to help in a momentous way to avert the decline of western civilization and a reversion to the dark ages. World conditions of today were not unexpected. Pestilence, suffering, famine, hardship and the complete economic and political dislocation of the world are a consequence of the devastating war through which the world has passed.

Germany is divided and broken, slowly starving. They are festering in ruin as a result of the poison of fascism and, worst of all, the virus of communism.

Thousands of Dutch wish to emigrate from broken Europe. Belgium suffers from wounds of ancient animosities. France, politically bankrupt, stands, yes, but feeble, with the vampire communism feasting on the blood of the weakened bodies of her labour unions, army and government. Communism is strong in Italy, and all eastern Europe lies behind the iron curtain. Only Greece, whom the Right Hon. Winston Churchill referred to as "small in numbers but great in spirit", is now the frontier between paganism and Christianity.

More important still is the plight of Britain and the attempted liquidation of the British empire by the Labour government which, we hope, is not so severely stricken by the cancer of communism that the British ministers may see the folly of their ways before it is too late, that they may understand the efforts of the enemy and combat these efforts successfully so that the great people of the British isles may, while there is still sufficient of the old spirit left, rally as they did at El Alamein, on the shores of Dunkirk and throughout the country as a whole when obliteration seemed inevitable, and return to the true and tried, old but sure, form of real democratic government.

The British pound has lost its magic; the British people are stripped of the wealth of empire and bowed down under a crushing burden of taxation. British money is no

longer available in Greece or any other place to support the forces of western civilization. Too well has the poison that has been slowly administered throughout the British empire taken effect by ruthless, ungrateful foreigners and guests of the empire; also, born British, those living in the lowest strata of humanity, despised, shunned and exterminated by all countries of the world for endeavouring to administer at a price, the death potion to their own beloved land. The chaos and ruin, the suffering and possibilities of the British isles today may have reached the stage, God forbid, that makes it incumbent on the dominions of the empire to come to the aid of the motherland, the land that spells freedom and fair play; but aid must also come from all those from other countries who have been fortunate to emigrate to the dominions within the empire.

Now, can Canada do her share? Have we ourselves clean hands? How light has been our burden when we consider all that God gave us and all the advantages we have had in facing the tasks that were ours? Have Canadians reached the stage when they can now say we have accomplished our great but pleasant task? I say, no. But we will, and can, rise to heights within the British empire mightier by far than the greatest patriots ever dreamed of.

If we would only put our own house in order and stop procrastinating! Can you believe, Mr. Speaker, that we have in Canada conditions similar to what they have in Europe. It is hard to believe, but we have. What is this government doing about the matter? The people have the right to know. This government, through its Department of Labour, knows, or should know, full well that one of the greatest causes and reasons of rising prices is lack of production, housing shortage and all the many obstacles that the people of Canada rely on the government to eliminate. All these factors sap the energy of our people and expand the costs of government. Communism is making further inroads in every walk of endeavour throughout the dominion from coast to coast.

The Prime Minister (Mr. Mackenzie King) knows in his heart of the deliberate attempt of those in the communist party in Russia to bring this country to a condition where it can be taken over in the not too far distant future just as easily as Roumania, Poland and other countries not so long ago proud, prosperous and successful. They have been made to lie in bed with the avowed enemy, countries once governed by the true democratic form of government.

Do the people of this country realize that the Prime Minister, when he was informed by the under-secretary of state for external affairs, Norman Robertson, of the first revelations of the Russian spy ring in Canada, stated, according to reports in the press—which have never been denied:

> I do not think the government of Canada can take any action which would cause the soviet government to say that we were prying into their affairs . . .

And, on his thought and decision alone, on such an important matter, he suggested that the man who exposed the treachery should return to his embassy with the papers that were to prove to the people of Canada the almost unbelievable facts, disclosing the endeavours of a communist-ruled country to obtain, through almost any means whatsoever, information that would later aid them in bringing this Canada, one of the greatest parts of the empire, down to the level of the serfs residing, mostly by compulsion, in those countries now controlled by and under the yoke of communism.

Until recently, one Ruth McEwen worked in the office of the Prime Minister of Canada. She is the wife of Bert Hughes, an ex-employee of the film board at Ottawa, and Hughes is an openly confessed communist and supporter of that bestial organization.

The Russian communistic government is holding forth at international conferences with voluble statements about peace and security. I believe the soviet government is simultaneously preparing secretly for a third world war, creating in all democratic countries, and certainly including Canada, a fifth column. In the organizing of this fifth column diplomatic officials of the soviet government have taken part.

Knowing this all to be true and believing that trade unions are one of the finest organizations that form part of the great bulwark of true democracy, I warn this govenrment that the people of Canada are relying on them to do their duty openly and fearlessly in exterminating and purging trade unions of all communistic elements. Bearing in mind that this year the communists of Canada are celebrating their twenty-fifth anniversary of organized activity through the Labour Progressive political party, the name which they now use as a cloak to cover their true identity, let me point out that they are still endeavouring to elect men to this very parliament. The communistic party's name has changed, but their underlying strategy, leading straight to bloody revolution, remains unchanged. Their leaders have stated that, after they have mastered the political strife, a general strike

is the gateway to revolution. The democracies advocate freedom of speech, freedom of the press, and, above all, freedom of all peoples residing within the boundaries of a democratic country, but the advocacy of and the willingness to give freedom as known only in democratic countries, surely do not go to the depths of permitting avowed enemies of the state to continue with their insidious work and to continue to contaminate trade unions and labour to such an extent that, even if their contamination be small, used in the manner that it is being used, it can be accountable for the downfall of such a great nation as our beloved dominion. The efforts of the communists in Canada are bearing fruit in retarding the progress of the country, thereby affecting its finances and the finances of this government.

I believe that, through their efforts, the government has been called upon to make expenditures by way of aid in various ways that would not have been necessary if a great many of the minds of our people had not been poisoned with the doctrine of communism. The information divulged by one Pat Sullivan who until recently headed the seamen's union should, in my opinion, have been investigated thoroughly and speedily by a royal commission, and I think it would have been found that the accusations of Sullivan were absolutely correct regarding the guiding hands of the communist party amongst the leaders of the seamen's union. If this fact were established, surely we can make laws speedily and efficiently to meet such a situation. We owe it to all decent members of the seamen's union, as a government composed of men in charge of the affairs for Canada for the people of Canada and on behalf of the seamen's union, the great majority of whom have, I am sure, ideals, ambitions and desires for fair play both to themselves and to their employers.

I know many members of the seamen's union personally; many of them live right in my constituency, men who fought in the last war for democracy as we know it and the principles embodied in democracy as we know them, and men who fought in this war and gave their blood for the same type of democracy. These men chose to take as their vocation sailing on the great lakes and the high seas. This desire is their privilege as real Canadians, but they have the right to protection in order to carry on fearlessly and successfully and follow the class of labour which they select, without intimidation or threats of violence by many heads of the present seamen's union who have openly declared themselves as to the path they are following, communism.

[Mr. Ferguson.]

Only recently an ordinary dispute arose between some of the steamship companies and the seamen's union. A proven, outstanding citizen of Canada was asked to represent the companies as their representative on the marine arbitration board which is to meet in the capital of Canada to iron out disputes between several companies and the Canadian seamen's union. This gentleman, the Hon. J. Arthur Mathewson, K.C., tendered a letter to the Minister of Labour (Mr. Mitchell), refusing to sit on said board owing to the fact, as he stated in his letter, that it appeared to be established that the persons now occupying the positions of officers of the Canadian seamen's union were not properly elected in a democratic way but were forced into present positions by the manoeuvring of a relatively small cohesive group of avowed communists within the union. He stated that the officers of this union themselves had been publicly pronounced to be communists and that they had never denied the charge and, in some cases, had brazenly vouched for its correctness. Mr. Mathewson stated that the so-called communistic party is not a political party in the same category as political parties generally recognized in democratic Canada. He stated that it was a fifth column and that its subversive activities are continuously and deliberately promoting industrial friction to such an extent that it cannot be ignored.

Mr. Mathewson raised the question as to whether the men purporting to act can be considered, or should be recognized, as the spokesmen for the unlicensed personnel of their ships. Mr. Mathewson, as a true Canadian, I am sure could not conscientiously sit on any board with the knowledge of the personnel of the seamen's union that he has, and I do not believe that this government should recognize or permit to sit on any government arbitration board certain men who now hold executive offices in the seamen's union, because I do not consider that they are in a position or that their frame of mind will give a true and beneficial picture to the members of the seamen's union and the people's representatives here in Ottawa or to the responsible officers of the steamship companies.

I feel confident that it is the desire of the government, the steamship owners and the seamen of Canada to arrive at a mutually beneficial agreement and to carry this agreement speedily into full force and effect; but, with such men as we now find heading the seamen's union, the intent of such agreement could never be carried out. I say that the government should take the same attitude as Mr. Mathewson and refuse to be a party to a communistic infiltrated board. The government should use its labour relations machinery to see that the men who represent the seamen

in arbitrary disputes are elected by properly conducted elections and a secret ballot and that every member of the union has been given an opportunity to vote. Let it be known to all labour unions that the government of the people of Canada, with the proof they have before them, will not countenance any person or persons holding office in any union in Canada who have the slightest taint of communism or communistic leanings. We know what communism means and we must act on the knowledge we have. Tomorrow may be too late; we shall have nothing to fear if the situation is faced fairly and squarely now. But I shudder to think, if we hesitate in our duty to the British empire, Canada and the democracies of the world, what the peoples of the democracies will suffer if the encroachments of communism are permitted to expand much farther.

We are promised a new labour code. I make this earnest plea to the minister: See that labour relations machinery is set up immediately that gives our organized workers protection against the bludgeoning, intimidation and constant blackmail to which they are now subjected by Soviet-directed vile communistic organizations in Canada.

Mr. J. P. GERARD COURNOYER (Richelieu-Vercheres): Mr. Speaker, I just wanted to say a few words in answer to the hon. member for Charlevoix-Saguenay (Mr. Dorion), who referred to the decision reported in *Dominion Law Reports* in the case of Silver Brothers Limited versus the Attorney General of Quebec.

(Translation):

Mr. Speaker, I wish to point out that in an interpretation based upon the standing orders of the house, the hon. member for Charlevoix-Saguenay (Mr. Dorion) had no right to quote that judgment in support of his contention that the provinces have priority in the field of direct taxation.

I suggest that the judgment which the learned member has quoted and which he was kind enough to send me for perusal could not apply to such a case. Indeed, that case dealt with the Bankruptcy Act and the Special War Revenue Act, whereas the matter which was brought up concerned the two creditors of the company in bankruptcy, that is the dominion and the provincial governments. It dealt with the interpretation of a special statute and not of sections 91 and 92 of the British North America Act.

Hence, the only point which I wish to make in reply to my hon. friend is that the learned judges of the privy council have clearly stated, in the judgment which has been quoted, that they did not intend to give priority to the provincial government. Let me read the decision reported on page 676 of the "Dominion Law Reports" for 1932:

(Text):

Now, looking at s. 17 and the way it speaks of the preference, it would not be difficult to hold that it was a rule only applicable in bankruptcy. If that is so, then the matter is ended for bankruptcy is head 21 of s. 91. But let it be assumed that it is rather a natural concomitant of taxation, then the case falls clearly under the fourth head laid down by Lord Tomlin. It runs thus:

"There can be a domain in which provincial and dominion legislation may overlap in which case neither legislation will be ultra vires if the field is clear, but if the field is not clear and the two legislations meet the dominion legislation must prevail."

As a matter of fact, this is the textual reproduction of what has been said by Lord Dunedin as long ago as 1907, in the case of G.T.R. v. A.G. Can., (1907) A.C. 65. Now, here so far as taxation itself is concerned, the field is clear. The two taxations, dominion and provincial, can stand side by side without interfering with each other, but as soon as you come to the concomitant privileges of absolute priority they cannot stand side by side and must clash; consequently the dominion must prevail.

(Translation):

I believe, Mr. Speaker, that in view of this quotation I may conclude that the hon. member, though he be independent, should not have been so independent of the written word as to infer that section 92 should apply without any reference to section 91 of the British North America Act.

(Text):

Mr. MATTHEW MacLEAN (Cape Breton North-Victoria): Mr. Speaker, I have never been anxious to take part in any debate, although schooled in politics from my earliest days. I have always endeavoured, since coming here, to get in touch with the different departments in connection with the needs of my constituency but have been continually reminded that I should discuss certain matters in the house. So tonight I shall for a brief period trespass on your time and hope, as far as possible, to avoid repeating any of the matters so far discussed in this debate.

I listened with a great deal of interest to the able budget speech of the Minister of Finance (Mr. Abbott) and compliment him on the manner of his presentation. I think he will go a long way in the political life of this country.

I also wish to pay tribute to his able predecessor (Mr. Ilsley), who had borne the burden of that portfolio in the most trying times in our history. When I think of two able men, former ministers of finance, who broke down under the strain in the days

before the war, I am convinced that he is made of good stuff, such as we generally produce in Nova Scotia.

We are glad of the measure of relief afforded in the budget to so many of the taxpayers. Of course all would have been more satisfied if the exemptions had been greater for both single and married people, but we must proceed slowly if the measures of social security about which we hear so much are to become effective. We cannot obtain these measures unless someone pays for them, and money does not grow on trees, nor is it the product of a printing press. All wealth must come from the soil, and only by industry and hard work may we hope to achieve the high aims we have set out in the different pieces of legislation to come before the house.

I was sorry to notice that the financial critic of the opposition was not in good form when he answered the minister. He has always been a genial soul and, I believe, has the respect of all members in this house.

It is amusing to have in the amendment anything relating to the cost of the necessaries of life, after the arguments put forward by the opposition objecting to the proposals to retain controls on certain products for a further period and the dogged determination with which the Progressive Conservative party fought against them.

The subamendment also shows a lack of consistency when each day members of the C.C.F. party are pressing for more social security, such as increased old age pensions, health insurance and other social benefits, which, they must know, cannot be obtained without the people being taxed for them.

I am in favour of a much larger increase in old age pensions, particularly for those who have no one on whom they can depend for any help, because the present pension is utterly inadequate. There are also the blind to whom we must give the utmost consideration. There are mothers with helpless children who cannot care for themselves, and the mothers, not being eligible for the old age pension and being unable to do any work for the support of their children, must depend on charity. Yet I must say that today I am alarmed when I think of the many young people who are well able to care for their parents who endeavour to cast the full burden of their responsibility upon the state. If the opinions of some people prevailed they would make of us a nation of leeches. We have in Nova Scotia a statute which compels children to look after and support their parents and those who necessarily would be dependent on them for support.

I am in favour of lowering the age limit for the old age pension and I should also like to see a contributory old age pension scheme introduced with contributions being assessed against the worker whenever he or she became regularly employed.

There is one tax which is not being cancelled, one about which most if not all the members of the house have received letters, and that is the tax on soft drinks. I think it would be well for the Minister of Finance to consider the removal of this tax as speedily as possible.

Another matter I would urge upon the government is that of continuing the services afforded veterans on Cape Breton island by the D.V.A. hospital at Westmount, not only as a matter of convenience to the veterans, but also to save transportation costs to the government.

I have listened to the hon. member for Cape Breton South (Mr. Gillis), who has always been an apostle of gloom, discussing labour conditions in Nova Scotia. With his views I seldom agree, but I am in agreement with his views on the unemployment situation now obtaining in Nova Scotia. Before the outbreak of war there were many young men who were unable to obtain work and who enlisted in the armed forces. Since they were not employed before the outbreak of war, the coal and steel companies were not obliged to hire them, so that they have returned to their native heath and can find nothing to do unless they leave the county. I cannot blame any government for this state of affairs, because we have no industries in the county where they may receive work and the government is not engaged in industry.

The hon. member for Cape Breton South spoke of the many corporations which had left Nova Scotia to locate in central Canada, but surely this cannot be laid at the feet of any government. Rather I think the people who were engaged in these particular industries are to blame, because they found that by selling out their shares in such industries they were obtaining sufficient remuneration to make the sale attractive and did not consider the welfare of their fellow citizens. I do not wish to see our boys and girls leave our shores and go to other provinces to earn a livelihood, and I think it is about time that some of our business men came to a realization of the necessity of establishing some industries in our province to keep our boys and girls at home.

When one realizes the amount of money that was subscribed to the various victory

loans by the people of our island during the war years, I think it is about time that some of the leading men on our boards of trade should look into the matter and start some manufacturing industries, so as to help our unemployed obtain work at home. The idea of helping their fellow men should be more of an incentive than the immediate receipt of dividends. But we want some leadership in our unions today, and management and men should endeavour to cooperate in the best interests of all, rather than, as at present, regard each other as enemies.

In Nova Scotia at present we have a coal strike on our hands, and while I do not agree with the method adopted in voting on this strike, yet the government commissioner has stated that the men are entitled to $1.40 more a day. How is this increase to be obtained? Well, in one of three ways or in a combination of the three: (1) an increase in the output per man; (2) an increase in the price per ton of coal; (3) a subsidy from the government. I am glad to know that the trouble is about settled, although I do not know whether a vote has yet been taken by the men. It is primarily a matter for the local government, the company, and the union; but I am glad that the federal government, through its Minister of Labour (Mr. Mitchell) and the Minister of Reconstruction and Supply (Mr. Howe), have endeavoured to bring about a settlement.

The government should immediately undertake some essential public works to help relieve the unemployment. One project which has been discussed both in this house and outside it for many years is the construction of a bridge or causeway over the strait of Canso. I have heard of that for many years, but nothing has been done. I feel sure that such an undertaking would meet with the approval of all the members of this house and would provide employment for many men over a period of several years. I have on the order paper a resolution proposing that adequate provision be made for our fishermen, such as wharves and other matters directly concerned with fishing and lumber operations; but since I am mentioning these matters tonight, I shall drop the resolution when the time comes.

Some of these projects I have mentioned are now under way, but there are one or two in which I am deeply interested. One is the construction of a modern wharf in the town of North Sydney, so that the large boats coming to that port may have adequate docking facilities. No such accommodation exists at the present time. We have many large trawlers, French, Spanish and others, visiting this port and taking on supplies, and I am told that each of these boats leaves in that port about $75,000 a year, consisting of payments for food, clothing, oil fuel, coal and necessary repairs. If repairs are required the men making them must work under the handicap of going out in the stream to do the work.

In the town of Baddeck, from which considerable lumber is exported to the United Kingdom, an addition to the wharf is urgently requested to enable these large boats to load, instead of this lumber having to be shipped by rail and taken on at another port, thus increasing the costs to a considerable extent.

The fishermen at North Sydney and Little Bras d'Or are continually requesting that some necessary dredging be undertaken so as to enable them to land their catches on the wharf, instead of having to load them in dories and then unload again at the cold storage plants, thus causing a handling of the catch twice. As you know, sir, this double handling does not improve the fish, so I would impress upon the Minister of Public Works (Mr. Fournier) to consider these matters at the earliest possible moment in order to bring about a more satisfactory condition than at present obtains.

When we look at conditions in the world, I stop and wonder where we are going and when this chaotic condition will end. Of one thing I am finally convinced. It is this: We have departed so far from the fundamentals of the Christian faith that we are, as General Smuts once said, "milling around like lost sheep without a shepherd." The church, which through the ages has been the greatest force in the world to make men think of the right and best interests of their fellow beings, in many instances has drifted and is still drifting from the truth. It used to be as a great lighthouse to guide us and show us the path to follow to arrive in a safe haven, but I am afraid this light has been hidden to no small extent by the fogs of heresy and unbelief so that many have lost their way. We have sent men to universities abroad for a higher education; they have come back to occupy our pulpits and have taught doctrines which they imbibed from atheistic professors; and, instead of receiving the inspiration of the Holy Spirit in interpreting the word, they are polluting the minds of their congregations with these false doctrines learned in some of these colleges.

I am reminded of one instance in Nova Scotia, in the particular denomination to which I belong, where a young clergyman was ordered to recant or get out of the church. For what reason? Was he teaching false doctrine? No; but because he was telling truths

that apparently did not suit the religious convictions of some, particularly the one who presided at his trial.

I cut a clipping from the *Globe and Mail* on Saturday in which I noticed an advertisement of the services of a United church in Toronto, and at 7 p.m. it reads "Third of a political series—speaker"—I will not mention any names. The subject was, "The Future of the C.C.F. in Canada"; and in the same advertisement—May 18, a Conservative member, presenting Progressive Conservative views.

Mr. Speaker, do you wonder if the judgment of heaven was visited upon us, when the church, dedicated to Almighty God for the saving of the souls of men, should be used for political propaganda? I do not know if any Liberals have taken part in the desecration of the House of God, but I trust not. There are other days of the week and other places where this propaganda may be carried on.

We in Nova Scotia had quite a barrage last fall. After this house adjourned, we had a number of prominent political visitors in Nova Scotia. The first was the hon. member for Rosetown-Biggar (Mr. Coldwell), who came down when the steel strike was about over; and I may say, if correctly reported in the press, he brought no soothing balm to help in the difficult situation with which we were faced, but his speech had the same tendency to settle the trouble as the pouring of gasoline would have in quenching a flame. Then we had a visit from the leader of the opposition (Mr. Bracken). Later the hon. member for Muskoka-Ontario (Mr. Macdonnell) came down to see us. Then we had the hon. member for Vancouver East (Mr. MacInnis), whose chief contribution was a eulogy of the hon. member for Cape Breton South. Then who think you came next? No less a personage than one Tim Buck, and in my home town we had a visit from the hon. member for Cape Breton South, who told our people of the wonderful contribution his party was making to the progress of government in this country. He stated how they arranged to speak in relays to hinder the progress of the business of this house and how they had succeeded so that the session continued until the last of August. Now, Mr. Speaker, was this not a notable contribution to responsible government?

We have listened day after day to certain hon. members advocating certain social measures for the alleviation of the ills of humanity, and they have laid great stress on the subject of social security. But I believe that their objectives will never be attained in this life, that social security, as they term it, will never be secured until we are covered by six feet of soil.

We have listened to certain hon. members talk incessantly about these measures by which they hope to attain in this world all the blessings that are promised to those who observe the laws as ordained by higher authority. They wish to provide, by legislation, something that can be obtained only by compliance with these laws, and I should like to quote three promises given in the days long ago: first, the promise to Joshua which stated that, if he observed all the laws and turned not aside, he would make his way prosperous and would have good success. Later there was the Psalmist of Israel who said, "I was a young man and now am old and yet never have I seen the righteous forsaken nor his seed begging bread". Later there was the one Infallible Authority who stated that we should take no thought for the morrow, what we should eat, or drink, or wherewithal we shall be clothed, that our Heavenly Father knew we had need of these things; but attached to this promise there was a condition precedent that we should seek first the Kingdom of God and His righteousness and all these things would be added unto us. We are not following these principles today, rather the reverse. If we were, many of the worries that trouble us would disappear overnight.

Strange to say, many of the most ardent advocates of all these social legislative measures are those who once taught other doctrines but are now endeavouring to solve life's difficulties by the advocacy of measures, placing second things in first place, thus putting their finite judgment against that of the infinite. In other words, they are trying to appease the Almighty by advocating good works, which is one of the characteristics of a troubled conscience when undertaken in substitution for first principles. If we wish to bring about that happy day of which Tennyson wrote when he said:

> When the war drums throb no longer and the battle flags are furled,
> In the parliament of man, the federation of the world—

—then we must come back to these first principles.

We listen to some of these people using disparaging remarks about their homeland and always pointing to some other better country. Most of these remarks come from the sandwich party over there. To those born beneath our skies who talk thus, I would say that they should be ashamed of their actions. And to those who have come to Canada and have been

adopted into our family, I would say that it is exceedingly bad form for them to engage in such criticism.

The member for Gloucester a few evenings ago quoted a short poem in which the words Canada and home were mentioned. I was reminded of a lecturer I heard some years ago, whose name I have long since forgotten, but the words I now quote have always been fresh in my memory. He said:

What is England to me? There is not a drop of English blood in my veins. What is Scotland to me, though my mother came from the land of the heath and the heather? What is Ireland to me, though my father came from that gem of the ocean and loved it with that patriotic ardor that every Irishman has for his native land? I am a Canadian, born beneath Canadian skies, educated in Canadian schools. I love this Canada as I do no other country, and it is my home.

To me, Canada is the one country, above all others, I love. We have more freedom, happiness and contentment here than in any other country I know of. It is my home and I am proud of it. May I, in closing, quote the words of Montgomery:

Home

There is a land of every land the pride,
Beloved by Heaven o'er all the world beside,
Where brighter suns dispense serener light,
And milder moons emparadise the night,
A land of beauty, virtue, valour, truth,
Time-tutored age, and love exalted youth,
The wandering mariner, whose eye explores
The wealthiest isles, the most enchanting shores,
Views not a realm so bountiful and fair
Nor breathes the spirit of a purer air;
In every clime, the magnet of his soul,
Touched by remembrance, trembles to that pole;
For in this land of Heaven's peculiar grace
The heritage of Nature's noblest race,
There is a spot of earth supremely blest,
A dearer, sweeter spot than all the rest.
Where shall that land, that spot of earth be found?
Art thou a man, a patriot? Look around,
O thou shalt find, howe'er thy footsteps roam,
That land thy country, and that spot thy home.

Mr. WILLIAM BRYCE (Selkirk): Mr. Speaker, in rising to take part in this debate which has been going on for two weeks, it is pretty hard to talk about something which has not already been mentioned. Along with other hon. members, I should like to congratulate the Minister of Finance (Mr. Abbott) on bringing down his first budget. While it gave considerable joy to his supporters on the other side of the house, I am sorry to say that I was disappointed. I realize that the Minister of Finance who will bring down a budget giving the most social security to the people and who will collect the least taxes will be the most popular man who ever sat in the House of Commons. I also realize that the government—either this one or the one that follows it—that can produce a minister of finance who will do that, will be the one that will stay in power.

I do not wish to labour any of the points which have been raised by the other speakers, but I have had many letters from the constituency of Selkirk asking that I appeal to the government for the removal of the tax on soft drinks, which a great many members have referred to as a nuisance tax. I might say that most of the letters I have received with regard to that tax were from schoolmasters and schoolmistresses, who have the responsibility of the young people. I regret that the minister has not seen fit to do something regarding the removal of that tax.

I have also had considerable correspondence regarding the twenty-five per cent luxury tax. I think the time has come when such things as wedding rings, cutlery, watches and alarm clocks should not be termed "luxuries", inasmuch as they are used by the average family. I had hoped that the minister would have seen fit to revise this list.

Much has been said by previous speakers regarding the exemption levels. I still feel, as I felt last year, that these exemptions should have been raised to at least $1,000 for single men and women and $2,000 for married people. While speaking about income tax, I wish to say that I am very much disappointed that something has not been done with respect to the family unit, more especially on the farms. Of course I realize that there are family units other than the farmer's, but might I take the farmer's unit as an example to show how unreasonable the present situation is. In the interlake country, which is in the constituency of Selkirk, where mixed farming and dairying are carried on extensively, the production of the necessities in the food line other than wheat is the main source of income. Let me take the production of butter, for instance. This is a good example, because the cream has to be shipped to the local creamery to be made into butter, and in order to produce this commodity, the farmer, the farmer's wife and the farmer's family all participate in its production. In the busy seasons of the spring and fall, this work is carried on entirely by the farmer's wife and family, as the farmer is too busy with seeding operations in the spring and harvesting in the fall. Surely it is only reasonable to expect that when the farmer's income has been produced by himself, his wife and family, it should be taken into consideration as a unit and not as the earnings of one man. When this matter was brought up in the house before, the present Minister of Justice (Mr. Ilsley), who

was then Minister of Finance, stated that he would have to apply this concession to other groups if it were granted to the farmer. Well, if the farmer is receiving an injustice, then the other person employing his family is receiving an injustice too, and both injustices should be corrected.

At the present time we in this country are in need of butter and pork, and I am going to make another suggestion which I have made on a previous occasion. It is this. When the government plan their programme, and such things in short supply as butter and pork are needed to fill our quotas to the domestic market or the overseas market, would it not be possible and sensible at the same time to do away with the payment of income tax on these items for certain periods in order to encourage their production, so that we could maintain these markets? The producer of cream and the producer of hogs can be compared to the industrial worker who works overtime. He is reluctant to work four hours overtime knowing that he has to give perhaps one-third or one-quarter of his earnings back to the Minister of Finance. The same thing applies to the farmer today. He milks cows before he starts his work in the morning and he milks cows when he has finished his day's work at night. The feeding of hogs is done before and after the day's work. Then, when computing his income tax he finds that by doing his work in this fashion, which is equivalent to overtime for him, perhaps one-third of his earnings is taken away by the Minister of Finance. I am sure that if the tax were taken off such things as butter, hogs—and I give those just as an example—and other products in short supply, for a year at a time or perhaps two years, we would have ample production to relieve the tremendous shortage in the world today. Perhaps it is not the income tax which the farmer has had to pay or will have to pay that he resents so much as it is the idea of working sixteen hours a day and then having to pay the extra earned income back to the Minister of Finance by way of income tax. The suggestion I have made would, I am sure, give the desired result. We would have increased production of the things we need, and the farmer would be satisfied that he was not the victim of unfair taxation.

I know, Mr. Speaker, that you would rule me out of order should I attempt to discuss old age pensions, so I am refraining from doing so. The Minister of National Health and Welfare (Mr. Martin) has on the order paper a resolution, which is found at page 352 of *Votes and Proceedings* and reads as follows:

[Mr. Bryce.]

That it is expedient to introduce a measure to amend the Old Age Pensions Act which will enlarge the scope of the act by providing increases in the pension payable and the income allowable to pensioners and by modifying certain of the eligibility requirements for pension.

I welcome his intentions and hope that he will do most of the things which I have been asking for since I came to the house. I should also like to see the government take into consideration the plight of the blind people. They should have their pensions raised because of the high cost of living.

Mr. MARTIN: The government is taking that into consideration.

Mr. BRYCE: I have great confidence in the Minister of National Health and Welfare; and if he does not come through with what I expect, I shall be greatly disappointed.

I have also had many requests from my constituency, which has a large fishing industry, that the Fisheries Prices Support Act be put into operation to give protection to these fishermen, since the price of fish has been falling, while, with the removal of controls, the price of equipment and gear and the costs of the fishermen have been increasing. If this board could be put into operation to establish a floor, it would give the fishermen some degree of protection.

The farmers who started out to seed this spring were somewhat alarmed to find that the ceilings had been taken off gasoline and tractor distillate, which meant that the prices of these commodities would be completely under the control of the new firms handling gasoline and oil products. I supported the wheat agreement, not because it established a parity price, which it did not, but because it placed a floor below which the price of wheat could not go, and gave a guaranteed price over a number of years. Farmers generally agreed to this price, assuming, of course, that the government would place a ceiling on the things the farmer had to buy, so that his cost of production would leave him some margin of safety. From the events of the last two months, however, it would seem that controls will be taken off most commodities but will remain on a large proportion of the things the farmers produce. As a matter of fact, many controls are being taken off which I should have liked to see kept on for some time yet, especially those controls which would tend to give the farmer and worker some stability. The Canadian housewife also notices how different manufacturers have produced articles of lower quality. Those who profit most from the removal of controls today are the manufacturers and the privileged groups. The

Canadian Manufacturers' Association, which met in Toronto on January 28 last, unanimously demanded that all controls be removed. A number of agricultural and and labour conferences have taken place since that time. The Canadian Federation of Agriculture, the Canadian Congress of Labour, consumer organizations, the United Farmers of Canada and other groups have urged the maintenance of controls in the interests of both the Canadian producer and the Canadian consumer. If the government is to meet the desires of a large majority of the Canadian people, the office workers, the industrial workers, the fishermen and the farmers, the necessary ceilings will be maintained.

With regard to the first two groups I mentioned, the office workers and the industrial workers, they find that prices of clothes, shoes and food have advanced considerably, and the removal of subsidies has also helped reduce their standard of living, causing considerable hardship in both large and small families. The fisherman has the same problems and, in addition, the ceilings have been taken off the materials that go into the manufacture of his nets and gear. While these things now cost him so much more, he is receiving less for his fish. The farmer is alarmed and annoyed at the removal of price ceilings on gasoline, tractor distillate and binder twine. If the government would listen to the people to whom I have referred they would not remove these ceilings; for it will be seen by a review of the situation that when the government removes controls it does not mean that our economy is free, but merely that we go under the control of those who produce the things we require. When farmers' costs rise, and, later, prices of farm produce rise, then these foods cost the consumer more. The result is a rising cost of living and a lower standard of living for the consumer who has to purchase the goods.

I do not wish to be critical of the speech of the hon. member for Muskoka-Ontario (Mr. Macdonnell), whom I saw in the chamber a few moments ago but who apparently has stepped out for a moment; however, his remarks in regard to interest seemed to annoy me more than I can explain. I should like to quote at some length from the speech of the hon. member, so that no one may say I have misquoted or misunderstood him. At page 2803 of *Hansard* for May 6, 1947, the hon. member said:

> Fifty years ago the man who retired with a modest competency could get five or six per cent on it and he could reckon on living the rest of his life upon the proceeds. What happens today when he receives three per cent? And he is lucky if he gets that.
>
> I believe that when we are considering this matter of the low interest rate policy—and I know it is difficult, though it is attractive from the government's point of view—when, I say, we are considering this low interest rate policy I suggest that this very important factor be taken into consideration—it is very important indeed—that there are large elements in the community who are suffering greatly by that policy. One other thing I would like to say in this connection. I would ask whether we can go on freeing other things and leaving the rate of interest tied down tight. Personally I very much doubt it and I think it is a matter worthy of the most serious consideration.

Personally I have always thought money should be lent by branches of the Bank of Canada to the man or woman who needed it for developing the resources of this country, at a service charge. I do not know enough about finance to know just what the percentage should be, but my hon. friend speaks of it being quite easy in the old days to get five and six per cent. I can assure you, Mr. Speaker, and hon. members that when I came to the west, which was only thirty years ago, it was quite common to ask farmers to pay eight per cent on mortgages. Excessive interest and compound interest have caused farmers and home owners more grief and disappointment than anything else I know of. Had our soldier settlers of the first war who still do not own their farms been lent money at a service charge, instead of at five or six per cent, I am sure they would have had their farms paid for by now.

I do not want to labour this point, but in my thirty years in Canada I have seen many people ruined by a high rate of interest. Might I give one instance, that of a man I ran across when I was president of the Manitoba federation of agriculture. I need not give his name, but any hon. gentleman who wants it may have it from me privately. This man came to me with his problem. In 1909 he bought a farm on which there was an outstanding mortgage of $9,300. In 1939, twenty-nine years later, he still owed $3,100 on the farm. During that time he had paid to the mortgage company $29,000. He had receipts for that amount. Here is a man who, for a period of twenty-nine years, paid $1,000 every year. He was paying eight per cent interest, and had it reduced to six per cent in 1937. Here we have an instance of a man who, over a period of twenty-nine years, paid $29,000 to the mortgage company which held the mortgage on his farm. This man reared his family, he sent two boys overseas; he is seventy-one years of age now and still owes $3,100 on his farm. I have seen many cases of this kind, but I shall

not put any more on the record. I wish only to show that this sort of thing does exist in western Canada.

A few years ago in Winnipeg I sat in on a debt conference with the leader of the opposition (Mr. Bracken), when men of this type were referred to as misfits in agriculture. They said these men were misfits—men who were able to pay their taxes, to rear their families and, as in the instance I have described, to pay $1,000 a year to a mortgage company. Men like this are not misfits in agriculture; they are slaves to agriculture; or, should I say, they are slaves to the mortgage companies which finance them.

We have heard hon. members in different parts of the house refer to the good financial standing of farmers in the prairie provinces who have been able to reduce their debts. But do not let us forget the sacrifices the men and women of this country made when their sons went overseas to win the war. During the war we had controlled prices and guaranteed prices. That is the only time since the last war that the farmer ever came near getting his fair share of the national income. It is a disgrace to think we have to have a war to permit men, such as those I have described, to get enough money to clear off the debts they have been struggling for thirty years to liquidate.

I hope the day will come when men and women with ambition and a pioneering spirit who set out to buy their own farms, or couples who want to build their own homes, will be able to borrow money at a service charge, instead of under the present system, as a result of which men and women spend the best part of their lives working for mortgage companies which do not do anything to earn the interest paid to them.

I am sorry the Minister of Agriculture (Mr. Gardiner) is not in his seat tonight. However I would again appeal to him to give some consideration to the establishment of a board of live stock commissioners. I have done this before, as have many other hon. members. It is something that organized farmers across Canada have asked for; but they have been turned down for different reasons. Now that the war is over and we are getting back to more normal conditions I think it would be only right and proper for the government to give this matter some consideration.

I remember some considerable time ago when it was discussed the minister defended it by saying that it was difficult to find money for such a board. When I spoke on this subject in the house on the last occasion I suggested that it would be a board similar to the board of grain commissioners. When the minister replied he pointed out the question of the constitutional validity of legislation setting up such a board, because there had been doubts cast on the legality of the board of grain commissioners, and it was suggested that a board of live stock commissioners would be more open to criticism. But if that should be so—and I am sure the minister has given it consideration—the British North America Act should be altered, or amendments brought in to make it possible for the government to set up a board of live stock commissioners.

Perhaps the editorial in the *Western Producer* of November 1, 1945, sums up the situation very well, when it states:

> Owing to the complexity of modern society as compared with the society of 1867 it is becoming more and more difficult to adjust with efficiency our economic, social and political relations within the conceptions of 1867, plus decisions of the judicial committee of the privy council. Because of an archaic constitution and these decisions it appears that as the Sirois commission reported, nobody knows how to draft an adequate and valid dominion marketing act. But we have to make up our minds as to what we want. Do we want to retain a constitution and a set of relations which make it increasingly difficult to adapt our social relations to modern ideas and the demands of modern conditions or do we want to keep these relations more or less parochially confined? Are we to expand the circle of social activities or keep it stationary?
>
> It is objected that the suggested changes lead to a greater centralization of political power, which in its turn is a menace to liberty. The changes asked for, however, are required for the purpose of expanding liberty by increasing the power of the individual in improving his economic condition. We must of course realize that there is a risk; but it can be maintained that the gain considerably more than offsets the risk. Care should be taken that organization does not run to arbitrary regimentation, but it can no longer be denied that we must learn to build our civilization or soon there will be no civilization. And this means that we must learn how effectively to organize the marketing of all our farm produce so as to take all the exploitation out of it and make it of benefit to producers and consumers alike, no matter what constitutions may say and obsolescent institutions do. It can be done because there is no real obstacle to it in this democratic country except the will of the people. If we want it strongly enough we can get it.

I do not want to use the board of grain commissioners as an example any longer, but might I just draw hon. members' attention to this, that the demand by the grain producers for a neutral board was met by the establishment of the board of grain commissioners, and although there were objections to the establishment of it, now that it has been in operation for a number of years, I am sure everyone agrees that it serves a good and useful purpose.

In advancing the argument for a board of live stock commissioners, I would say the

very same argument applies in connection with live stock to an even greater degree inasmuch as grain is a non-perishable product and samples can be retained to a greater extent than in the case of live stock products.

In the case of grading grain, the grades carry right through to the miller, with the same grades prevailing from producer to manufacturer; but in the case of live stock, the grades the animals are sold on are quite different from the grades the consumer buys. The grade at which the packer buys the hogs from the farmer is entirely different from the grade the packer supplies to the meat board for shipment overseas, and while the meat board controls the quality and grades of the export market, they do not have anything to do with the product going into the domestic market.

Surely the time has come when there should be a neutral board to regulate this business and a board of live stock commissioners would be the right and proper thing for the purpose of regulating, controlling, assembling, transporting, grading, marketing and exporting of live stock and live stock products. As years go on, there are fewer cattle and hogs being delivered to the stockyards across Canada. More live stock is being delivered directly to the packing plants. Perhaps this has been caused by the increase in transportation by truck.

There has been a pronounced trend in Canada toward larger business organizations, and in many cases toward monopolistic enterprise. The meat packing industry, as well as other distributing organizations, have in general followed this trend, and a large part of the purchasing of western live stock is represented by the purchases of three or four packing concerns. Concentration of buying in the hands of a relatively few firms creates a condition of imperfect competition, because markets may be unduly affected by the operation of one or all of these large buyers.

The concentration in the buying of live stock has been accompanied by a weakening of the position of the producer as a marketer. The protection which the producer had in the public market has now practically disappeared. It is my view that the position with respect to the marketing of live stock is simply that buying is now concentrated in a relatively few hands and selling is largely disorganized and ineffective. Under these conditions we cannot expect adequate protection of the producer's interest, nor do I expect those conditions which will make for a sound live stock industry in this country.

Two complaints are brought against the method of marketing: first, it is claimed that the packers buy live stock from truckers at less than the stockyards' price. The packer has complete freedom of grading when buying direct. In addition, direct purchases are made on an off-car basis, while in the stockyards animals are fed and watered before being sold. Second, it is argued that the weakening of the stockyards' system by direct sales is detrimental to the producer. This seems a reasonable argument. Elimination of the central competitive market would probably put producers at a considerable disadvantage in selling to the few large buyers. About ten years ago a royal commission was set up to investigate price spreads. The commission went into many phases of the live stock industry and the report makes interesting reading. It investigated the production, collection, processing and marketing of all live stock products. The findings of the commission were definite and given in detail. I suggest to hon. members that they look up that report.

The conditions we had then are now returning and with different boards set up under the War Measures Act, which will no doubt be discontinued in the future, the time is opportune for the government to do something about this matter. To have a healthy live stock industry, it will be necessary to have the confidence of all Canadian live stock producers, and there is no better way of maintaining the fertility of our soil than by a large live stock population. With a gradual return to normal conditions, farmers will again resort to the feeding of more coarse grains and then market the live stock.

The estimated value of all live stock marketed for slaughter is $346 million for 1946, which is a tremendous volume of business. Hogs, which have helped to swell this amount, are now entirely sold on grade, which means that the farmer brings them to the packer and takes what the packer gives him. What I mean by that is that he gets the standard price of that day, but if he is dissatisfied with the grade, he has no appeal. The system of the meat board has encouraged this as far as cattle are concerned, because the meat board does not deal with live stock on the hoof; to get the protection of the meat board, you must have your live stock graded on the rail. I feel quite sure that the grading of live stock on the rail, as advocated by some people, would be more popular today if it were not so definitely in the hands of the packer and the producer could have some neutral body to appeal to in the case of a complaint.

Another point that could be taken care of by a board of live stock commissioners is that

of condemnation insurance. This has been going on for a long time, and while no one begrudges paying fifty cents an animal, or half of one per cent, to insure his animal against condemnation, control of this insurance being left entirely in the hands of the packing industry has been a bone of contention with the farmer for many years. If this were brought under the jurisdiction of a neutral body, such as I have advocated, and an audited statement put in the papers as to the actual condemnation insurance collected by the different packing plants across the dominion, it would give some assurance and satisfaction to the farmer as to how this money is being applied. It seems strange to the farmer or producer that T.B. free areas have been set up over parts of the Dominion of Canada with wonderful results, but we are still paying the same condemnation insurance as we did in 1910.

In closing, might I assure the hon. members that I could go into great detail regarding a board of live stock commissioners, but it has been so often put on the records of this house, not only by myself, but by members of all political parties that asking for a board of live stock commissioners is not political; it is something that 400,000 farmers across the Dominion of Canada have asked for. Surely if they ask for this it is worthy of consideration by the government, and I, in closing, appeal to the minister to give this further consideration. As far as being legal is concerned, I know this government, or any other government that may follow it, has enough brains, or at least enough lawyers, in the various departments, to set up a board of live stock commissioners that will comply, not only with the legal requirements of the provinces and the dominion, but with the British North America Act as well.

Mr. JOSEPH FONTAINE (St. Hyacinthe-Bagot) (Translation): Mr. Speaker, this is the first time that I have the honour of addressing this house. Up to now, I have refrained from taking part in debates on the advice of experienced politicians. If some of my hon. colleagues feel that the session is delayed by discussion in this house, in all fairness, they cannot place the responsibility for such parliamentary slowness on my humble person.

I must fulfil a pleasant duty in extending to you, Mr. Speaker, the congratulations of the people of my district, who feel happy and honoured in seeing one of their own preside with such tact and distinction over the deliberations of this house. I wish to congratulate also, in my own name and on behalf of my constituents, the Right Hon. the Secretary of State for External Affairs (Mr. St. Laurent), for the splendid way in which he has discharged his duties as acting Prime Minister and as Canada's representative to international conferences.

Mr. Speaker, in accordance with tradition, I shall in my remarks give first place to the constituency of St. Hyacinthe-Bagot. I need not say that I represent one of the finest constituencies not only of Quebec but of the whole country. The population of the constituency of St. Hyacinthe-Bagot is approximately 50,000 about equally divided between urban centres and rural communities. St. Hyacinthe, the seat of the constituency, is located on the shores of Yamaska river which enhances the picturesque beauty of our town, the population of which is 25,000. Its splendid sites, its fine public parks and its spotlessness hold a special attraction for its numerous visitors.

St. Hyacinthe has some 25 different industries which enable our working classes to live in easy circumstances. There are about fifteen religious institutions, including a most modern seminary accommodating more than 800 boarders. As a former student of the seminary, I may say that it is the pride and glory of our people. It is fitting that our fine town of St. Hyacinthe should be called the city of churches. On the other hand, if it is true that industry is flourishing in our urban centres, agriculture in the rural sections is as well developed and ranks among the most progressive in the province. Dairying is undoubtedly the main occupation of our farmers; the greater portion of the milk is sent to butter and cheese factories although a fair portion of our production is sold as fluid milk and shipped to Montreal, 30 miles away.

Market-gardening, which has been one of the mainstays of our farmers, is practised on a large scale. Among other crops, sugar beets are grown successfully. Last year, over 15,000 tons of sugar beets were grown and shipped to the St. Hilaire refinery which is equipped with most modern machinery. May I point out that St. Hilaire is located in the constituency of which my friend the hon. member for Chambly-Rouville (Mr. Pinard) is the worthy representative.

There are also throughout the constituency large canneries which have been greatly instrumental in promoting in recent years, the growing of special crops, to the great advantage of our agricultural classes.

The breeding of pure-bred dairy cattle is carried out on a large scale and in order to promote and encourage this important industry it was decided, about fifteen years ago, to

establish at St. Hyacinthe an agricultural fair serving the surrounding six provincial counties, namely: St. Hyacinthe, Bagot, Chambly, Rouville, Richelieu and Verchères. Contests are held each fall to help and promote the selection, grading and value of our herds.

When we first launched this huge project, of which I had the privilege to be one of the pioneers and am now vice-president, we received help and encouragement from the Dominion government until our country went to war, at which time, for reasons of superior interests, our grants were withdrawn.

But now that the war is over, that we can look forward to some measure of normalcy, I feel the government should resume this pre-war system of grants.

Mr. GAUTHIER (Portneuf): Hear, hear.

Mr. FONTAINE: I therefore ask the Right Hon. the Minister of Agriculture (Mr. Gardiner) to consider including in his departmental estimates items amounting to $5,000 for class A exhibitions and $4,000 for class B exhibitions.

Mr. MARQUIS: Hear, hear.

Mr. FONTAINE: The grants could be applied, according to the society's needs, to the payment of prizes, land improvements and the erection of buildings required by the organization. As a representative of a farming constituency, I strongly recommend the payment of subsidies of this nature, which, in my view, are calculated to foster and promote the breeding of thoroughbred stock, not only in the province of Quebec but throughout Canada. The government would thus give concrete evidence of its interest in the farming community.

Before concluding these remarks on behalf of our farming population, I must thank the government for granting farmers, last session, the privilege of spreading income over a three year period in the computation of income tax. I was glad to support this proposal in the best interests of the farmers of my own constituency. I also warmly supported the government's generous attitude on the taxation of co-operatives. We have quite a number of them in my part of the country and I am sure that the government's attitude towards them will greatly contribute to their advancement and progress.

Mr. Speaker, I also feel it my duty to tender my sincere congratulations to the Hon. the Minister of Finance (Mr. Abbott) for the splendid budget he has brought down. Like his predecessor, now Minister of Justice (Mr. Ilsley), the present Minister of Finance has shown his concern for all classes of Canadian citizens, especially in the lower income brackets. In the best interests of both our urban and rural wage-earners, I shall give my utmost support to the budget now before the house, because of this very generosity of the Minister of Finance towards our low-income groups.

An hon. MEMBER: Hear, hear.

Mr. FONTAINE: The proposed higher exemptions on lower salaries take into account the earned salary and the dependents of our family men. Our country has just emerged from a costly war and our greatest economists themselves are astounded to realize how far we have progressed in returning to a stable peacetime economy. It is proof that the management of our national affairs is in excellent hands when, these results being apparent, the government is in a position to introduce such a favourable budget as the present one.

Mr. Speaker, it is imperative here to indicate that our country is also far advanced on the road to reconversion and the time has come to apply ourselves to the task of building for peace. I have in mind, at this time, the post-war reconstruction programme of which we have been told so much in the many years just passed.

In my constituency, there is a whole series of public works that should be carried out. I shall mention just a few, because I do not choose to list once more the numerous requests I have had the honour of forwarding to the Minister of Public Works (Mr. Fournier). First of all, there is a dyke to be built at St. Hyacinthe; at St. Damase, Acton Vale and in Notre Dame parish, main sewers need to be installed. While I am speaking of requests, I might as well say that post office buildings are required in St. Pie and St. Cesaire parishes. I know that in connection with some of these public works of a municipal character the delay is due to a voluntary and obstinate lack of cooperation on the part of the provincial government.

Our farming class, as producers, and our working class as consumers, have already greatly suffered from the removal of the milk, butter and cheese subsidies. When the federal government handed back to the provinces, who were clamouring for their autonomy, those two administrative responsibilities, we were expecting that our provincial premiers would be anxious to assume their obligations and continue to pay these subsidies which helped to keep production and consumption in a proper balance.

If, for financial reasons, the province of Quebec is unable to assume the payment of

this subsidy, why does the premier refuse the means of doing so, generously offered by the federal government? As a practical farmer, I am in a position to state that, at the present time, the difference between the price of milk sold for consumption and of milk delivered to butter and cheese factories, is far too great. This is why, today, there is a scarcity of butter in the province and in the whole of Canada. I therefore strongly urge, on behalf of my constituents, that the butter and cheese subsidies be restored.

Let us hope that, in the interest of my constituency and of my province in general, the premier of Quebec will soon realize that the welfare of our population must have priority over his own political interests.

I wish also to thank the Hon. the Postmaster General who recently acknowledged the unfair condition of our rural mail carriers and granted an increase on such contracts as were signed before the rise in operating costs. The minister did not hesitate to take this measure of simple justice which was sorely needed by our rural mail carriers. Let him be commended for so doing.

In conclusion, I wish to express my approval of all the social measures brought forth these last few years by the present government, and which have greatly contributed to promote the welfare of our people as a whole. In this respect, it should be sufficient to mention the family allowances. I favour also an increase of the old age pensions as well as all legislation liable to protect our people, and especially our modest and labouring classes, against sickness. I give unqualified support to the resolution presented last year by the hon. member for Terrebonne (Mr. Bertrand) and which appears in his name again this year on the order paper, asking for a pension for crippled and disabled Canadians. The government must not forget that class of our population which heretofore has been insufficiently helped and protected. The Liberal party has to its credit wonderful achievements. Much still remains to be done and the Canadian people place great confidence in this party.

(Text):

Mr. McLURE: At this late hour I am reminded of the words of a great philosopher who was also a great speaker, and who said he had not come to make a speech. It was the great Marc Antony who was paying a visit at midnight to the beautiful Cleopatra. He looked in and saw her reclining on a couch and he said, "Oh, my beautiful Cleopatra, I did not come at this late hour to make a speech". I am not going to make a speech now; I simply wish to move the adjournment of the debate.

Motion agreed to and debate adjourned.

It being seven minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Friday, May 23, 1947

The house met at three o'clock.

HOUSE OF COMMONS

STATEMENT AS TO HOLIDAY FOR STAFF ON VICTORIA DAY

Mr. SPEAKER: Some hon. members having inquired whether the staff of the house would be given a holiday tomorrow, I have prepared the following statement.

There is no doubt that the staff of the House of Commons is entitled to a holiday tomorrow, but I have to consider the convenience of the members who intend to do some work in the building on that day. Such offices as the library, reading room and the post office, which are open on Sundays during the session, can hardly be closed. Mails will come regularly and will have to be sorted. Members preparing public statements might need to consult authorities or read newspapers. Apart from that all the clerical branches will be closed. As no doubt a great number of visitors will come into the building, we shall have to keep the constables and guides on duty. A couple of messengers will also have to work. The main dining room will be open until after luncheon, and the cafeteria will do business as usual. All the other members of the staff of the House of Commons, except the cleaners who will be employed from 6.30 to 8.30 and 9 a.m., will be on holiday. I am, however, in the hands of the house, and if hon. members decide that all the offices, except the constables, be closed, I will act accordingly.

Some hon. MEMBERS: Agreed.

[*Later*:]

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, may I direct a question to the Chair? I think you asked for the guidance of the house with regard to holidays tomorrow for the House of Commons staff. I am seated a long way from you and I did not hear all that was said. I should just like to say that I hope Your Honour will give as wide an interpretation as is possible to the suggestion that was made.

EXTERNAL AFFAIRS

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

EMPIRE DEFENCE

SUEZ CANAL—INDIA—PALESTINE—MOTION FOR ADJOURNMENT UNDER STANDING ORDER

Mr. T. L. CHURCH (Broadview): I desire to move, seconded by the hon. member for Victoria, Ont. (Mr. Hodgson), the adjournment of the house to discuss a definite matter of urgent public importance, namely

(1) the proposed dissolution and scuttling of the British empire by giving up the empire defences and the military bases in the Mediterranean, Suez and in the middle east to the United States as a United States responsibility, and withdrawing the empire defences of these bases to East Africa;

(2) The abandonment of the Suez canal and India and the situation in Palestine; inasmuch as on this 75th day of the session this house has not had any opportunity of discussing these very important matters which relate very materially to the future defence of this country as a member of the British commonwealth of nations.

Mr. SPEAKER: As the hon. member knows, it is possible to accept a motion for the adjournment of the house when an hon. member has no other opportunity to discuss the matter which he believes to be of urgent importance. Since we have now before the house the debate on the budget it is possible for hon. members to discuss the questions which the hon. member for Broadview believes to be of urgent importance. Therefore I see no reason to accept the motion to adjourn the house to afford the hon. gentleman an opportunity to discuss this matter.

Mr. CHURCH: With great respect to your ruling, Mr. Speaker, I say we have had no opportunity to discuss this matter this session. The empire is being given away every day, and we do nothing about it. A member has always had the right to refer to the urgency of a matter he seeks to bring up at this stage. This is the 75th day of the session, and we have not had a chance to discuss these things. The ruling given before by Mr. Speaker Black on the question of urgency was only an opinion, which is not binding on the house now.

Mr. SPEAKER: Motions.

Mr. CHURCH: I wish to appeal from your ruling, Mr. Speaker. There has been no opportunity to discuss these matters. I have been here a long time, but I have never seen this ruling given before.

EMPIRE DAY

Mr. GORDON GRAYDON (Peel): Yesterday the hon. member for Broadview (Mr. Church) suggested that today we might recognize Empire day, which is the day before May 24. It seems to me this house might very well accept that suggestion. Therefore I suggest that we follow the precedent set by the Prime Minister (Mr. Mackenzie King) himself on May 23, 1944, when he asked the house to rise and sing God Save the King in recognition of a very great day in the annals of the empire.

(The members rose and sang *God Save the King.*)

VISITING FORCES

UNITED STATES—DISCIPLINE AND INTERNAL ADMINISTRATION WHEN IN CANADA

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs) moved for leave to introduce Bill No. 253, to make provision with respect to forces of the United States of America when visiting Canada and with respect to the exercise of discipline and to the internal administration of such forces.

He said: During the war there were provisions under the War Measures Act facilitating the exercise of disciplinary and administrative powers by the commanders of United States forces that might be in Canada on the invitation of the Canadian government. Those provisions expired on April 1 when the orders in council, other than those appended to the so-called omnibus bill, were repealed. This is a bill to make provision for the exercise of some disciplinary and administrative powers by commanders of such United States forces as may be in Canada on the invitation of the Canadian government, but without in any way excluding the jurisdiction of our own courts of justice.

Mr. CHURCH: Might I ask the minister what are visiting forces doing in this country? We are part of the British empire; what are they doing here without the consent of Britain and the dominions?

Mr. ST. LAURENT: These forces are visiting Canada as an autonomous unit of the commonwealth of British nations.

Motion agreed to and bill read the first time.

UNITED NATIONS

ACCESSION OF CANADA TO CONVENTION ON PRIVILEGES AND IMMUNITIES

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 introduce a measure to provide for the accession of Canada to the convention on the privileges and immunities of the united nations and to grant to the united nations and any specialized agency of which Canada is a member and which is brought into relationship with the united nations, to their officers and to the representatives of their members, the legal capacity, immunities, facilities and privileges necessary for the accomplishment of the purposes of the united nations and of its specialized agencies.

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

Mr. CHURCH: May I ask how many agencies it will cover?

Mr. ST. LAURENT: The hon. gentleman asks how many of the specialized agencies of the united nations it will cover. It will cover all the specialized agencies of which Canada itself may be a member.

Mr. CHURCH: There are about four hundred of them, I think. No wonder there is a scarcity of housing in Ottawa, with twenty-four countries to be represented here.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. DOUGLAS ABBOTT (Minister of Finance) 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 authorize the Canadian National Railway Company to issue securities not exceeding $46,723,000 in principal amount to provide the moneys necessary to meet capital expenditures made or capital indebtedness incurred during the calendar year 1947; to authorize the governor in council to guarantee the principal, and interest of securities issued by the company for the purpose aforesaid; to authorize the making of temporary loans to the said company secured by such securities and not exceeding $46,723,000 in principal amount to enable the said company to meet such expenditures and indebtedness; with authority to give financial aid and assistance to other companies of the said national system.

[Mr. St. Laurent.]

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.

PROVISION FOR REFUNDING OF FINANCIAL OBLIGATIONS

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to provide for the refunding of matured, maturing and callable financial obligations of the Canadian National Railways and for the issue of securities guaranteed by the dominion of Canada in respect of such refunding to an aggregate principal amount not exceeding $200,000,000.

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.

Motion agreed to.

EMIGRATION

CANADIANS LEAVING FOR YUGOSLAVIA—POSITION OF NATURALIZED CITIZEN LEAVING CANADA

On the orders of the day:

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, on May 20 several questions were directed by hon. members to the right hon. the Prime Minister (Mr. Mackenzie King), the Minister of Finance (Mr. Abbott) and to me concerning the emigration to Yugoslavia of certain residents of Canada. As all the questions are related, the Prime Minister informed the house on May 21 that I would make a comprehensive statement on the subject.

The first suggestion that a group of Yugoslav nationals might leave Canada for Yugoslavia was made by the chargé d'affaires of the Yugoslav legation in Ottawa in a letter, dated March 5, 1946. In this letter he stated that there were a number of Yugoslav nationals who wished to return to Yugoslavia when transportation facilities became available. He also raised the question of export permits for various Canadian products on behalf of the nationals concerned. The chargé d'affaires was subsequently advised of the export regulations then in force.

In June, 1946, passports were granted to four Canadians of Yugoslav origin for the purpose of proceeding to Yugoslavia. The passports were granted subsequent to a written request from the chargé d'affaires of the Yugoslav

legation in which he stated that the applicants wished to proceed to Yugoslavia to make arrangements for certain Yugoslav nationals or Canadian citizens of Yugoslav descent who "were planning to return to Yugoslavia for the purpose of lending their skill and assistance in the reconstruction of the country."

Subsequent to the return of these persons to Canada a good deal appeared in the Yugoslav-Canadian press about the return of Yugoslavs and Canadians of Yugoslav descent to Yugoslavia and it appears that funds were collected in connection with the proposed emigration.

In regard to the export of capital the regulations of the foreign exchange control board provide as hon. members know, that persons leaving Canada for permanent residence elsewhere are provided with sufficient foreign exchange to pay their passages and reasonable expenses en route. They are allowed to export personal and household effects, and their remaining cash assets up to a maximum of $25,000 each are transferable in Canadian funds.

A proposal was made by the Yugoslav chargé d'affaires under which the resources of the emigrants, within the policy stated above, would be pooled through a central organization known as the Council of Canadian South Slavs. This body, instead of withdrawing the funds from Canada, would use them to make bulk purchases in Canada of goods suitable to trades in which the emigrants would engage upon their return to Yugoslavia.

This proposal was approved and bank accounts were established by the Council of Canadian South Slavs under the supervision of the foreign exchange control board. Although up-to-date figures are not available at present, deposits to the accounts have amounted to approximately $1,000,000.

In this connection export permits have been granted by the Department of Trade and Commerce for the export of material from Canada to Yugoslavia to the amount of $345,918. Some permits were granted to individuals direct; other permits were granted to Canadian manufacturers who apparently received orders for direct shipment.

Settlers' effects are not under export permit control. A farmer leaving Canada, therefore, would be free to take his farming equipment without the necessity of an export permit and, in a similar way, a mechanic would be free to take the tools of his trade. Undoubtedly the total value of settlers' effects would be considerable, but it is difficult to estimate the exact value involved.

It is also difficult to estimate the total number of persons leaving Canada under the auspices of the Council of Canadian South Slavs since passports would be applied for by the individuals concerned, if they are Canadians, and Yugoslavs would travel on Yugoslav passports. There is, of course, no regulation or law which prevents a Canadian or an alien leaving Canada of his own free will. The legal position of an alien leaving Canada is governed by the Immigration Act which provides that an alien acquires Canadian domicile "only by having his domicile for at least five years in Canada after having been landed therein". He loses his domicile by "voluntarily residing out of Canada with the present intention of making his permanent home out of Canada and not for a mere special or temporary purpose."

Thus a Yugoslav citizen, regardless of the length of time he has lived in Canada, will lose his right to reenter Canada if he goes to Yugoslavia with the intention of making his permanent home in Yugoslavia. Should he change his mind and wish to reenter Canada, he would have no right to reenter Canada and would have to apply for admission as any other prospective immigrant.

Moreover, if he should be readmitted to Canada, he could not count his previous stay in Canada for the acquisition of Canadian domicile. In order to become a citizen of Canada, he would, after his return, have to remain in Canada for five years.

The legal position of a Canadian citizen by naturalization leaving Canada is governed by sections 20 and 21 of the Canadian Citizenship Act. Section 20 reads in part as follows: "A Canadian citizen, other than a natural-born Canadian citizen . . . ceases to be a Canadian citizen if he resides outside Canada for a period of at least six consecutive years," subject to various provisos. Section 21 provides *inter alia* for cancellation of citizenship by order-in-council if a naturalized citizen "out of Canada has shown himself by act or speech to be disaffected or disloyal to His Majesty."

It is important to note that a warning appears at the back of the current Canadian passport, which reads as follows:

> Canadian citizens by naturalization certificate or citizenship certificate should bear in mind that unless under the laws of the state to which they originally belonged or by the provision of a treaty, they have ceased to be subjects of that state, their certificates have no effect within its boundaries nor can the good offices of His Majesty's representatives be extended to them there.

If, therefore, any Canadian citizen by naturalization who goes to Yugoslavia is,

under Yugoslav law, a citizen of Yugoslavia, the Canadian government will not be able to grant him any measure of protection as long as he remains in Yugoslavia.

The group, which is now assembled in Montreal, have satisfied the various regulations applicable to their movement to Yugoslavia both in regard to themselves and to goods purchased by them. No doubt they are aware of their possible loss of status under Canadian law but they are free to go to Yugoslavia or to any other country if they so wish.

On May 21 the hon. member for York West (Mr. Adamson) asked whether I would take steps to see that the Canadian passports carried by the expatriate Yugoslavs now in process of returning to their homeland be protected in such a way as to prevent their alteration or transference to other persons, and ensure that each Canadian passport issued to this group will be easily identifiable on its reentry to Canada. I can assure the hon. member that every effort will be made to guard against the misuse of these Canadian passports.

Allegations have been made in the press that improper methods have been used to persuade residents of Canada to return to Yugoslavia or to contribute to the funds which have been raised to finance the return of other residents of Canada. Should any evidence come to hand as to the methods used in these or any other cases which would warrant action by the government, it will not hesitate to take such action.

Mr. CHURCH: Are the Yugoslavs being given priorities in shipping? If so, with what companies, when Canadian citizens can get no shipping at all?

Mr. ST. LAURENT: Any arrangements that have been made for transport were made by themselves or through persons other than agents of the Canadian government.

Mr. GRAYDON: Is there a reciprocal provision whereby people may bring assets from a communist controlled country to a democratic country such as ours? It seems to me that we are giving them certain privileges which they would not grant to their own citizens who might be coming here.

Mr. ST. LAURENT: I think we have to judge our regulations and laws on their merits, and not on their conformity or otherwise with laws of other countries, some of which our people would not readily accept.

Mr. GRAYDON: I think that the public would not expect this government or the government of any democratic country to be too soft with people who are known as communists and who would revolutionize our system of government.

Mr. ST. LAURENT: I would point out that these are general regulations. There are no special regulations made for any special class of resident of Canada. The regulations are general and I think they have to be judged on the basis of whether or not they are proper for the Canadian people.

Mr. FERGUSON: Our esteemed minister of immigration (Mr. Glen) is unfortunately in hospital, but I should like to direct a reminder to his department to remember, when Yugoslavs wish to enter Canada as immigrants, the action of the Yugoslavs now leaving who are exporting all they can from this country.

NEWFOUNDLAND

DELEGATION TO CANADA—TRADE AGREEMENT WITH THE UNITED STATES

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I notice in this morning's Ottawa *Journal* that a delegation from Newfoundland is bound for Washington to discuss a trade agreement between that country and the United States. First I should like to ask when the conference is to be held in connection with that country joining the Canadian confederation. Second, if they make a trade agreement with the United States will it interfere with the conference on confederation and preferences?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Within the last twenty-four hours June 25 has been fixed as the date for the opening of the meeting between the representatives of the assembly in Newfoundland and the representatives of Canada. Of course this government would not like to make any comment upon any action that is being taken with respect to trade agreements by the government of Newfoundland. It may very well be that the existence or non-existence of agreements will be matters to be considered at the conference, but this government would not presume to volunteer any advice or voice any criticism as to what is being done by another government.

Mr. GRAYDON: How many will compose the Newfoundland delegation?

Mr. ST. LAURENT: We have not been informed of the composition of the delegation.

CABINET MINISTERS

REFERENCE TO PRESS REPORT AS TO SALARY AND TAXABLE INCOME

On the orders of the day:

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, I think I should rise on a question of privilege in order to correct a report respecting the salaries of cabinet ministers which appears in the Montreal *Gazette* of this morning. After referring to the Prime Minister's salary, the report continues:

The other cabinet ministers get a total of $18,000 each, of which $10,000 is for the post of minister, $2,000 for motor car and $6,000 sessional indemnity, all of the latter being free of income tax.

The correct position of course is that all of the latter is subject to income tax.

IMMIGRATION

POLISH CITIZENS—REPORTED CANCELLATION OF CANADIAN BOOKINGS ON "AQUITANIA"

On the orders of the day:

Mr. T. J. BENTLEY (Swift Current): Can the Minister of Labour inform the house if any passages booked by Canadians coming to Canada on the *Aquitania* have been cancelled in favour of Polish immigrants who are en route here?

Hon. HUMPHREY MITCHELL (Minister of Labour): I have no knowledge of the matter, but I should say that the arrangements would be made by the British government.

DEFENCE RESEARCH BOARD

REQUEST FOR REPRESENTATIVE FROM NOVA SCOTIA

On the orders of the day:

Mr. R. H. WINTERS (Queens-Lunenburg): I should like to ask the Minister of National Defence if he will consider increasing the personnel of the interim defence research board to include a member from Nova Scotia.

Hon. BROOKE CLAXTON (Minister of National Defence): Consideration is being given to the membership of the defence research board in order to give adequate representation to all parts of the country and the various interests that should be represented on the board.

Mr. GRAYDON: You must be in a bad way with the by-election down there.

SUGAR

PRESENT STOCKS IN STORAGE—QUESTION AS TO INCREASE IN RATION

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I should like to direct a question to the Minister of Finance arising out of a press statement today regarding sugar stocks in storage in Canada. According to the report these stocks are very large. The question I wish to ask is this: In view of that situation has consideration been given to increasing the ration by approximately four pounds per person in order to take up the surplus?

Hon. DOUGLAS ABBOTT (Minister of Finance): I have not seen the press report and no doubt my hon. friend had not been able to send me notice of his question. I doubt whether the surplus is as great as the newspaper report would indicate, but in any event I shall look into the matter and make a statement to the house early next week.

MEAT RATIONING

INQUIRY AS TO SUSPENSION FOR JULY 1

On the orders of the day:

Mr. T. B. BARRETT (Norfolk): I should like to direct a question to the Minister of Finance. In view of the fact that July 1 this year falls on a meatless day, will the government consider suspending this order for that day to meet the anticipated heavy demand for food arising from the expected inflow of tourists?

Hon. DOUGLAS ABBOTT (Minister of Finance): I have a similar question from the hon. member for Durham (Mr. Stephenson). I shall look into the matter and see whether anything can be done.

THE BUDGET

DEBATE ON ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Thursday, May 22, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the Chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Muskoka-Ontario) and the amendment to the amendment of Mr. Coldwell.

Mr. W. CHESTER S. McLURE (Queens): Mr. Speaker, I had the privilege last night of moving the adjournment of the debate. I want to say for the benefit of hon. members

that I have waited for some considerable time for a member from my province to speak on behalf of that province. As they have not seen fit to do so I believe it is my duty to say a few words at this time. I feel that if any member from my province had spoken what he would have said would have been more favourable to the government than what I am about to say.

After I moved adjournment of the debate last night some of my friends on both sides of the house said to me, "Well, we will hear tomorrow all about that car ferry, freight and truck traffic, transportation and the non-fulfilment of the confederation pact." At first I felt that this was a rather embarrassing suggestion, but on second thought I realize it is a compliment, whether or not it was intended as such. If I had time—

Mr. SPEAKER: I would ask hon. members to moderate their voices. It is nearly impossible to hear the hon. member who has the floor. I suggest that those who have important conversations to carry on might use the lobby.

Mr. McLURE: Or let them go to their rooms, Mr. Speaker, and have their usual sleep. If I had time this house would surely hear about the government's neglect in fulfilment of our confederation pact, but another time is coming, and before this house rises, even if it is in September or October, I shall have my say on that subject. I am not afraid to demand from this government or any other government or any other party the rights that belong to my province as a province.

I have noticed, Mr. Speaker, as you have noticed, that as soon as hon. members rise to speak in this debate a great many members hike for the nearest exit as if somebody had called out "All ashore that's going ashore". I have kept a partial register of this and I have found that the Minister of Finance (Mr. Abbott) had a full house, and in my humble opinion he deserved it, whether he pleased them or otherwise. But as hon. members on different sides began to debate the budget the attendance petered out from a full house to a score of deuces and one queen. I have kept a register of attendance when the hon. members were speaking and on a great many occasions there was barely a quorum in the house. But what is the difference, Mr. Speaker? We are all speaking to *Hansard*, to our constituents, so after all we are all on a par. As I look at the government side today I am grateful for a better attendance than most hon. members have had, and I would say thank you to them for that. I will say this, that if there were no *Hansard* reporters in this house I can assure you, Mr. Speaker, that I could fill this chamber in the next ten minutes —if there was no record to go to the country of what I should say—and that is true of a great many others.

In this budget debate I have not missed one sitting of the house. I have listened to all the speeches on the maritimes except the one delivered by the hon. member for Royal (Mr. Brooks) and I could not help being absent on that occasion; I was called out of the house. Some of the speeches I am not in a position to understand fully, and I regret that very much indeed. When hon. members speak in that classical language, French, unless they go slowly and carefully, as the Minister of Transport (Mr. Chevrier) and the hon. member for Eglinton (Mr. Fleming) do, I am at a loss to understand what they say. While I was born in a French settlement in Prince Edward Island, known as North Rustico—and I was proud to be born in that settlement—I always held it against the French people there that they wanted to learn English but we were not privileged to learn French. However, the other day on happening to meet one of the French members of the redistribution committee I interpreted to him what I wanted to make known with regard to Queens county. I said this to him, "Ne touchez pas Queens."

During this debate, and especially within the last couple of days, I have felt elated, Mr. Speaker, that the maritimes are being recognized, so well recognized that I am almost envious that we have not a by-election pending in the province of Prince Edward Island. When the government realize that they have a long overdue by-election on their hands they seem to sit up and take notice, to warm up to the fact that the maritimes are a part of Canada. But I do not give the entire credit to the by-election. I believe that hon. members who have spoken so ably on the unfulfilled obligations of the government to the neglected maritimes have exerted a great deal of influence. I refer to such hon. members as the member for Royal (Mr. Brooks), the hon. member for Cumberland (Mr. Black), the hon. member for Colchester-Hants (Mr. Stanfield), the hon. member for Halifax (Mr. Isnor), the hon. member for Antigonish-Guysborough (Mr. Kirk), and there have been a great many others. I did hope, Mr. Speaker, that the Minister of Fisheries (Mr. Bridges), with all his eloquence, would have spoken on the rights of the maritimes in this debate. I do wish to say that it afforded me real pleasure when the hon. member for Davenport (Mr.

MacNicol), a constituency of that great province of Ontario, climaxed his efforts by his interest and factual information regarding the neglected maritimes of this dominion. It was a grand and glorious feeling for me when he spoke about the best bit of red earth in the world, my province. It was an assurance to me also that my efforts to keep the island on the map have not been in vain. All this, Mr. Speaker, is a preamble to the subject that is before us for debate at this time, one that is important to us all whether we are in private or political life, and that is the subject of the budget.

In introducing the budget on April 29 the Minister of Finance informed the house that it was his first. Political history records the fact that it is either the making or the breaking of the man who first delivers the budget. At this time I wish to congratulate the Minister of Finance on playing first fiddle. Since his debut in political life seven years ago the hon. gentleman has played many parts in government. He played second fiddle to the ex-minister of finance (Mr. Ilsley); second fiddle to the ex-minister of defence, Hon. J. L. Ralston, and to another ex-minister, General A. G. L. McNaughton. Then through the strategy of the hon. member for Grey North (Mr. Case), he became minister of defence. On Tuesday, April 29, we found him calling the tune and playing first fiddle. At that time it was interesting to note how the Prime Minister smiled upon him as he called him to the second fiddle seat in the front row, and when the Minister of Finance in his address would draw a long bow with a high note how the Prime Minister beamed upon his protege with the nicest of Virginian smiles!

In his budget speech the Minister of Finance told us that a great day is coming. What the people want is the present day to be great. They are not willing to buy futures even on a 29 per cent profit margin. A few days prior to the minister delivering his budget speech I looked at a picture of him in the *Globe and Mail*. I do not believe he had a moustache at that time. There I saw a man in comfortable attire, shirtsleeves rolled up to the biceps, earning his $18,000 annual indemnity by the sweat of his noble brow. It reminded me of the words of a great British Prime Minister who said, "sweat and tears" —sweat for the Minister of Finance but tears for the taxpayers of Canada.

According to the minister he laboured hard and well to make us believe that his first budget held out more money for all, higher wages for all, higher profits for all, lower taxes for all, lower prices for all, higher production for all industry with floor and ceiling prices to protect producers and consumers. Oh, what a hope! But notwithstanding all this clanging of tambourines and idealistic verbiage, when the searchlight is turned on the budget it reveals at the same time the nigger in the woodpile of hope for better things. By this budget will come stifling of private enterprise with less production, more jobless men—and it is reported we have thirty thousand of them in the maritimes at the present time—more discontent and general dissatisfaction throughout the entire country.

Having listened attentively to the minister's budget from the first to the last I wondered who prepared it—I knew who delivered it, and in my opinion it was exceptionally well delivered. But I noticed particularly the high praise given to the budgets of other years—and I wish the ex-minister of finance were in his seat. Then I wondered why the change of ministers in the financial department. Had the previous minister become over popular, or had he lost caste with the taxpayers of Canada to the detriment of this government? That question I shall leave for hon. gentlemen to answer.

When the budget was finished I thought of an old quotation from scripture which is heard frequently. It will be found in Genesis, chapter 27, verse 22:

> The voice is Jacob's voice, but the hands are the hands of Esau.

Mr. MACKENZIE: You have it wrong. Read your bible again. "The voice is the voice of Jacob, but the hand is the hand of Esau."

Mr. McLURE: Mr. Speaker, I should love to correct the hon. gentleman; I know he has religious ideas, but he is mistaken in correcting me.

Mr. MACKENZIE: Get me a bible.

Mr. McLURE: Most of us considered it was a typical budget of other years funnelled through a younger minister in a government effort to eliminate some of the bad taste of other drastic budgets; for instance, failure to increase exemption for both married and single persons. We all believe the government owes every man and woman, if physically fit and capable of doing so, an opportunity to earn a living. The lower paid or salaried people in the country are earning only a bare existence and are paying their full share of taxation to the revenue department through hidden taxes. They should not have to pay an income tax on top of what they are already paying. To my mind these things are proof

sufficient that the ex-minister of finance had his hand on the gearshift even if he had to reach over from the back seat.

Let us look for a moment at the budget. The minister boomed his surplus of $352,144,000 as a great feat, the greatest in eighty years. But, Mr. Speaker, I have my doubts whether the minister himself believes it, because later in his wonderful speech he issued this warning to all of us—I quote from *Hansard* at page 2548:

> We should not, however, be led into false optimism, nor should we jump to the conclusion that our present tax structure is much more than adequate to meet all our future requirements.

Suppose we look for a moment at this financial monstrosity, the budget. In the fiscal year 1946-47 government expenditures were $2,632 million in round figures. The revenues from taxes and departmental incomes were $2,610 million or $2,612 million. Actually there was a deficit of $20 million or $22 million. How then comes a surplus?

You have heard, and it will not hurt for me to repeat it, that the government sold war assets for $372 million, which no doubt had cost the taxpayers over $1 billion or probably $2 billion, and this $372 million was called a revenue. But I will bet you the Minister of Finance earmarked it as non-recurring revenue.

Mr. ABBOTT: It was classified as expenditures when the stuff was paid for.

Mr. McLURE: They took into account the deficit of $20 million and called the balance, $352 million, a surplus. I wonder if any chartered bank would call it a surplus. I wonder if a business firm would stand before a banker whom it owed and declare a surplus shown in this manner.

This whole budget, to say the least, is questionable bookkeeping. Or suppose a manufacturer resorted to the practice of selling part of his plant equipment to show a yearly profit. Governments may resort to this kind of accounting, but I do not believe the country will swallow the bait.

To submit a budget surplus by the methods I have outlined, and announcing a forecast surplus for the next year of $190 million or $200 million, is in my opinion an insult to the intelligence of the taxpayers at a time like this, when the country is groaning and staggering under its present load and crying for relief.

The minister, in bidding for a popular budget, hit right out with high income tax. He should have raised the exemption on single taxpayers to $1,200, on married taxpayers without dependents to $2,000 or thereabouts, and married taxpayers with dependents to $2,500. No tax relief for the married women who work! Evidently the government do not want women any more, even if nurses and school teachers are now scarce. No assistance to new business, and very little to old established firms.

Business in general must be disappointed with this budget. Canada and Canadians fought a great war in the name of freedom and in the defence of the dignity and morale worthy of ordinary men. Supposedly we are back now to peace time. Why should this government now deny to our citizens the privileges and responsibilties of running their own businesses? What freedom it would be to businessmen if they could now run their own businesses. They look forward to the casting off of the unbearable bureaucratic shackles.

No relief for business, no relief for farmers, no treaties for fishermen! This budget will continue to strangle agriculture and strangle industry, and it will strangle the treasury of many millions of dollars more of the taxpayers' money. This budget appears to me to be the essence of the economic muddle in which the government finds itself today. It strikes at the very root of the effort to get production established by private enterprise.

The first and most vital task that the government should perform and that they should now perform is to clear up this economic mess resulting from years of socialistic incompetence, maladministration and reckless finaning. That is the task that the government should apply its efforts to, and this would restore confidence both at home and abroad in Canada's march forward.

I do not know, Mr. Speaker, whether I would term this an election budget, but it has all the earmarks of a leadership budget—page the hon. the Minister of Finance. A Liberal newspaper in my home town, Charlottetown, commenting editorially on this budget, said:

> What a budget, and they were so mean with little Prince Edward Island.

That has reference of course to the provincial agreements. Another million or two would have been just chicken feed, but we had to scratch for every nickel we received.

There was one peculiar thing about this budget. Before it was delivered there did not seem to be any secrecy about it; there was no secrecy about the terms of the budget. For instance, the Minister of Finance, before he delivered his budget, announced that there would be a surplus of over $200 thousand.

Mr. ABBOTT: Million.

Mr. McLURE: Million.

Mr. SINCLAIR (Vancouver North): Read a little more carefully.

Mr. McLURE: Let me hear that voice again.

Mr. SINCLAIR (Vancouver North): Read a little more carefully. If you are going to read you might as well read correctly.

An hon. MEMBER: You read too.

Mr. SINCLAIR (Vancouver North): I speak every single word. I don't read.

Mr. McLURE: For instance, the Minister of Finance announced over a month ago that there would be a surplus of over $200 million.

Mr. SINCLAIR (Vancouver North): That is right, $200 million.

Mr. McLURE: You are listening, are you? The leader of His Majesty's opposition foresaw, some sixty days prior to that, a thirty per cent income tax reduction, which he announced. My leader must have had some inside information; whether he was in collaboration with the Minister of Finance—

Mr. ABBOTT: I can assure my hon. friend as to that; there was no collaboration.

Mr. McLURE: —it is not for me to say, but he was only one per cent higher than the minister.

Mr. ABBOTT: No one was more surprised than the leader of the opposition.

Mr. McLURE: However, the minister has boasted about his record as surpassing that of all the finance ministers in the past eighty years.

Mr. ABBOTT: Oh, no. I am sure my hon. friend wants to be fair. I did not boast that my record was better than that of any finance minister in the last eighty years. That is the last thing I would want to do.

Mr. McLURE: I would not desire to accuse the minister of boasting, but he compared his record to the record of the last eighty years.

Mr. ABBOTT: Not my record.

Mr. McLURE: That reminded me of a story. The district attorney in a court was having trouble with one of his witnesses, a rather pugnacious gentleman. The attorney asked, "Are you acquainted with any of the jurymen?" And the witness replied, "More than half of them." Then the district attorney asked, "Are you willing to swear that you know more than half of them?" The old witness looked at the jury box and replied, "If it comes to that, your honour, I am willing to swear that I know more than all of them put together." Thus said the Minister of Finance.

With further reference to the secrecy concerning this budget I may say that a month before it was brought down I was told on what now appears to have been good authority that furs and fur farming were to receive a real walloping. Well, when this budget was brought down on April 29 last it left an aching void in the hearts of furriers and fox ranchers from one end of Canada to the other, notwithstanding the fact that all the information concerning this great conservation industry had been laid before the minister, showing that its condition was such that only most heroic remedial measures could restore it to prosperity. Naturally one of these measures would be the removal of the processing tax and the over-all sales tax. Then manufacturers and retailers would be encouraged to feature silver fox and mutation fox, which are without doubt the most beautiful of all furs in the world, and have been so regarded for over half a century. Only a very small proportion of the women of America have ever been able to purchase silver fox furs, though a great many of them desire to own a scarf, a stole, a cape or a coat. The fact is that the government have taxed this fur practically off the market. In 1945 I endeavoured to get the then minister of finance to see that his tax policy was about to strangle this great conservation industry with a twenty-five per cent processing tax. At that time this tax was cut to ten per cent. Then came the blow that killed the industry, that obnoxious, I was almost going to say cursed tax, of eight per cent over-all on the finished fur article, making the last state a great deal worse than the first.

If time permitted I should like to show this house, as I did in 1945, that by this over-all sales tax, and the processing tax, the total tax on all furs had been increased from about five per cent on the meanest kind to as high as sixty-five per cent. The governments of both Canada and the United States have allowed enormous quantities of outside furs to be brought into these countries—how is my time, Mr. Speaker?

Mr. SPEAKER: The hon. gentleman has just about one minute left.

Mr. McLURE: Since I do not speak very often, Mr. Speaker, I crave the indulgence of the house and ask for a short extension, even though hon. members want to vote today.

Last year the United States imported over $300,000,000 worth of furs, and this did not include silver fox and mutation fox. About

$100,000,000 worth of furs were imported from Soviet Russia; and while the bulk of these furs went to the United States, a great many millions of dollars worth seeped into Canada. This heavy taxation and these importations took away the demand for our furs, and the only remedy for the situation in Canada would be to take off the processing and sales taxes on silver fox and mutation fox, and perhaps also on mink, though ranch mink is allowed free entry into the United States while silver fox from Canada must pay an ad valorem duty of 35 per cent. The strongest and best kind of government is one that is willing to protect its own people. Let us have some reduction in taxation in regard to this industry.

I wish to mention another matter that has been impressed upon me by the people of Prince Edward Island, and particularly the people of the constituency of Queens; that is the taxation on soft drinks and chocolate bars.

Mr. SPEAKER: Order. I am sorry to interrupt the hon. gentleman, but he has exhausted his time, and unless he has the unanimous consent of the house I shall have to ask him to resume his seat.

Some hon. MEMBERS: Proceed.

Some hon. MEMBERS: No.

Mr. McLURE: I shall not take very long.

Mr. SPEAKER: If the hon. member has not unanimous consent I shall be obliged to ask him to resume his seat. I suggest that he conclude in a few words.

Mr. McLURE: Following the representations made by youth organizations, hospitals, churches, schools and the children themselves, one would have anticipated that this obnoxious tax would be abolished, but no. The government claim they are giving the children real money. It is a case of the minister of welfare handing out the baby bonus to the children, and the Minister of Finance coming around the corner and swiping the children's candy and soft drinks. Here again it is the voice of Jacob but the hand of Esau. There is also the jewellery nuisance tax. There is no change because, the minister says, this tax is bringing in something like $25,000,000. In these taxes surely such essential articles as alarm clocks, watches and tableware might have been exempt. Here is an example of the taxation. On a $20 watch at the factory the government gets $11.60, and on an alarm clock costing $2.50 at the factory there is a tax of $1.45.

Then, there are two conflicting reports with regard to the dominion-provincial agreements.

[Mr. McLure.]

Some hon. MEMBERS: Time.

Mr. SPEAKER: The hon. member's time has expired, and I would ask him to resume his seat.

Mr. MACKENZIE: Mr. Speaker, I rise to a question of privilege. I do not make a practice of referring to personal notes in the house. However, I have received a personal note from a dear friend of mine saying that I had made a mistake in a biblical quotation. I find that the quotation in the bible I was brought up on, the old Presbyterian bible is—and my hon. friend was correct:

The voice is Jacob's voice, but the hands are the hands of Esau.

The bible of my very dear friend of another faith in this house—and in which I was not brought up—contains these words in Genesis:

The voice indeed is the voice of Jacob, but the hands are the hands of Esau.

Mr. J. S. SINNOTT (Springfield): Mr. Speaker, I should like to take part in this debate, even at this late stage. I have had the privilege of listening to others, and in what I shall say I shall try not to repeat what others have said.

The last few minutes, when we have had to listen to the woes and the wails and the painting of that dismal future for Canada, have been most painful. I do not think anything can be more destructive than the wails and woes such as we have heard from the hon. member who has just resumed his seat (Mr. McLure).

Before approaching my main item, may I compliment the hon. member for Athabaska (Mr. Dechene) who painted such a rosy picture of his constituency. From his speech one could tell that nature was close to his heart. I am sure the people of his constituency are behind him, heart and soul, when he tries to do something for them.

May I express a vote of thanks, too, to the hon. member for North York (Mr. Smith) who, along with others has been trying to bring about dominion-provincial meetings so that his constituency might receive the benefit therefrom.

I should like also to compliment that grand old man from Brandon (Mr. Matthews), the daddy of the house. When I heard him making his colourful speech I knew he had his people at heart. No wonder he has retained his seat for such a long time.

I would compliment, too, the hon. member for Bonaventure (Mr. Arsenault) upon his fine speech.

Today I speak as a back-bencher, one who is not in the $18,000 brackets which have

been mentioned. I am going to speak on my own behalf, not on behalf of the party; and in doing so I shall express my own opinion. I shall not be over-critical of any party in the house, for the simple reason that as a back-bencher, whether my views are good or bad, I do not suppose they will be taken anyway.

The former minister of finance worked under terrific strain during wartime, and he has now given way to a younger man, a man who must work very hard, with his shirt sleeves rolled up, as was pointed out by an earlier speaker. Having been reeve of a municipality for a number of years I can join hands with him in my knowledge of the terrific strain to which he must have been subjected in carrying out his financing. I maintain that the whole process of financing is based on a system of debt. This afternoon I shall attempt to make my opinions as clear as possible. As chairman of a school board I found that the board had to borrow money from the bank to carry on its year's activities, and had to pay a terrific amount of interest on the amount it borrowed. The municipalities, in turn, had to borrow money from the bank to carry on their activities for the year. Provincial and dominion governments must do the same thing.

Just to show the inconsistencies in connection with getting money, let me point out one or two things. To get money when you need it and to get it when you do not need it are two different things. The first year I was reeve of a municipality of 4,000 people our credit stood at $8,000. We were in dire need of money at that time—that was back in 1936—but we were refused it, because it was said that our credit was not good. It was pointed out to us that some of our taxes were outstanding. We had only $8,000 to operate our schools, for which the sum of $30,000 was required. After seven or eight years of good financing we reduced the municipal debt by $229,000. We bought a drag line and other modern road equipment, and also built 400 miles of road. In the last year we could have got $50,000 credit at the bank, but we did not need it then. What I have stated illustrates that money is plentiful when it is not required, but when one is in dire need of it he cannot have it.

Anyone who will read the little red book will see that I am set down as an implement dealer. It happened that I was following that occupation for a few months prior to my coming to Ottawa. But during the greater part of my life I have been farming, and it is on behalf of the farmers I should like to say a few words today.

There are two classes of farmers. There is the grain grower, and there is the other farmer who produces live stock in addition to his grain crops. I have not much sympathy for the man who is just growing grain, because I know that on the western prairies they simply sow their seed in the spring and take off their crops in the fall, year in and year out, with the result that the land becomes lighter and blows away. They are robbers of the soil. The men whom I want to defend are the dairy farmers and the hog raisers. These men really work for a living, milking their cows, raising hogs, and so on. They must farm 365 days in the year. They cannot just pull out in the fall, go to California and return in the spring—they must stay on the job. The animals must be fed in the morning, the cows must be milked, then fed again at dinner time and at night. The daily chores of such a farmer run from six in the morning until ten o'clock at night.

I have a letter here from the secretary treasurer of the municipality in which I reside which shows the extent of the benefits derived from the dominion-provincial conference. This municipality is going to get six mills on the general assessment. School taxes vary from 35 mills to 61 mills, and in most cases it has been a great help. In the case of a property worth $3,000, there will be a reduction of $18 in the school taxes alone, or approximately 30 per cent.

An hon. member has mentioned Mr. Krug. I have a letter from him which reads in part:

> Your ideas of using the Bank of Canada to finance public indebtedness and the private banks to finance private activities are similar to my own views.

Let us not have any more of this funny money story we hear so much about. The Bank of Canada should be used for the benefit of the people of Canada. Some people will say, "Oh, something for nothing." This is the funny money story that crops up and which we hear so much about. Let me say here and now that it would be the same kind of money as I hold here in my hand.

An hon. MEMBER: How much is it?

Mr. SINNOTT: This happens to be one dollar.

Mr. GRAYDON: You are taking no chances?

An hon. MEMBER: Are you going to table it?

Mr. SINNOTT: Our Lord said that the law of life is work, that if a man will not work, neither let him eat. Our colossal debt of

$13,079 million is getting to the point where some people cannot even figure it. The interest charges on that debt amount to $437,517,000. Much could be accomplished if that interest were put to better use. I am going to urge our young minister not to depend upon his old advisers who cherish the philosophy of a debt-creating system. He should get down to brass tacks and see what makes the clock tick. I am sure that if he uses his ability along those lines the people of Canada will certainly appreciate it.

I should like to say a word about the miserable old age pensions. I ask any hon. member to try to live in Ottawa in decency on $30 a month. He will find that you have to pay from $15 up to $25 for a room in which to live. What money have you left to live on? A pension of $60 a month is not too much for our aged people. This could be paid under a contributory system. The Bank of Canada could be used to create the necessary credit. I do not believe in giving out something for nothing; the people should learn to save and contribute.

Mr. JOHNSTON: Why use the Bank of Canada?

Mr. SINNOTT: We will have to help them out because we could not expect them to save all the money themselves. If we created this money through the Bank of Canada and gave the aged people a decent monthly allowance of $60 we would be creating a market for much of our production right here at home. I hope the Minister of Finance will take a little advice from a back-bencher and see that this is done.

Mr. J. O. PROBE (Regina City): Mr. Speaker, I have but one purpose in taking part in the present budget debate. I am compelled to voice the intense disappointment of the citizens of my riding and Canadians in all walks of life at the financial sleight-of-hand displayed by the Minister of Finance (Mr. Abbott) in his first budget address. To say that the minister made a clever speech is unhappily true. His voice was strong even though his arguments were a bit weak. The applause from the back benches of the Liberal party was vociferous if a bit forced. The congratulatory press releases of the next day covered up the obvious and growing decay of government statemanship with clever facades of impressive statistics.

The minister's speech reminded me of nothing so much as a conducted tour of a district under the arrangement of the local chamber of commerce. Such tours invariably show the credulous tourist the respectable scenes of the community. He is shown the great public and industrial buildings, the main streets and the landscaped homes of the thriving local aristocracy, all telling the story of material success and accumulating wealth. But the guide shields his visitors from even a glimpse of the local slums, from the unkempt and undernourished children and from the garrets of poverty on the other side of the tracks by whose degradation the outward glittering facade is usually able to be maintained. Such a guide was Canada's Minister of Finance in his economic report to the nation three weeks ago. To the House of Commons he said, and I quote from page 2543 of *Hansard* of April 29:

> Today we see a Canada enjoying a degree of prosperity never exceeded in living memory. We look forward to a year of high production and incomes. Indeed, we would appear to have ample excuse for self-satisfaction and easy optimism.

Those were the minister's words.

Mr. ABBOTT: Go on and read what I said after that; read the whole text.

Mr. PROBE: I have read it. I do not doubt that is the view to be seen on the minister's side of the tracks. To his sightseeing colleagues on the treasury benches such a picture is reasonable, because the federal books shows an apparent surplus of $352 million in government operations for the fiscal year just concluded.

The annual reports of big business to shareholders show that industrial companies have had a similar money experience: from the 1946 balance sheet of Monarch Knitting Company, showing a 309 per cent increase in net profits over 1945; from Orange Crush Company, a 448 per cent increase; from Building Products Company, a 256 per cent increase; from Moirs' Chocolates, a 226 per cent increase; from International Paper, a 265 per cent increase; from major corporations everywhere, equally staggering reports of golden harvests in practically all lines of business, thanking the government no doubt for past favours, but holding out sticky hands for more and yet more concessions by way of relaxed price controls, of bigger export guarantees, double depreciation, lower income tax rates, and removal of checks on excess profits.

And the minister, having heard the perpetual clamour of the lobbyist for bigger and better profits, and perhaps planning strategy for the inevitable election, the only type of planing which has merit in the eyes of laissez-faire governments, trots out his carefully groomed budget for our inspection. Well, let us look at it. Here is his forecast for the next year:

Sales tax up $27 million; excise duties and other excise taxes up $13 million—thus far an increase of $40 million. Definitely no relief there to the people who pay such taxes.

Excess profits taxes cut by $279 million. There is a nice fat incentive melon to the overworked coupon clippers.

Personal income taxes down $70 million, with no change in previously announced exemptions. There is another load cut off the weary shoulders of income taxpayers, with tax relief given, as usual, under capitalism, in inverse ratio to need.

Of course the minister informed the house that over half the people of Canada are now receiving so little pay that they pay no income tax anyway; and that in spite of an exemption figure which is below the cost of living. Families in the low income brackets do not cheer the 1947 budget.

But a few of those who have better than average incomes do quite well by themselves. Not the single man getting $800 yearly, whose need for incentive to produce more is valued at $6 for the next year since he will save only $6 next year on income tax. That saving will not give him a net balance after the rising costs of room rent, food and clothing are considered.

But a single man now getting $3,000 yearly will have $173 annual tax relief. He needs $173 to whip up his incentive. And one getting $10,000 a year will have $785 more relief than in 1946. It seems to take a bigger bonus in the view of the Minister of Finance to create an incentive to the $10,000 a year bachelor to work for that brave new world!

On the minister's side of the tracks such lopsided tax relief is not only fair but necessary! A married man with two children will, if he is now getting $150 a month, save $10 a year. Remember, the Minister of Finance puts such a man in the upper crust of Canada's salary scale. Maybe fear of starvation should be ample incentive for such a man! For him a tax reduction of eighty-three cents a month, to lay away for the rising cost of shoes, or enough to pay the increased cost of less than half the milk his children need—if they could afford to eat those things they should be eating.

Of course a married man with wages of $250 a month gets $83 a year cut from his income tax, or enough to allow him to pay his landlord $7 a month more rent, now that rental ceilings have conveniently risen to absorb the tax relief. You can trust a good landlord to cooperate!

The married man with two children and a salary of $10,000 a year gets approximately $2 a day relief from his tax burden.

And so it goes. The higher your income, the higher is the value the Minister of Finance puts on incentive. The higher your income, and the less your need, the greater the relief from income tax. To continue to quote from Scripture, as has been done so conveniently this afternoon, "For whomsoever hath, to him shall be given,"—by all versions.

And what about the minister's plans for increased incentives to the corporations whose profits I quoted a moment ago? Where in the past fiscal year corporation and excess profits taxes of $688 million were taken away from the industrialists, next year will see only $470 million returned to the people of Canada from this source. A cool incentive of $218 million to big business! Not a bad year's work in the lobbies for free enterprise! The minister is helping to reconstruct post-war capitalism with a vengeance, and as always, at the expense of the underfed and the under privileged! For a single year, Canadian corporations get tax reductions amounting to more than six years federal payments of old age pensions at the current rate. Nothing stingy about that scale of relief for rugged industrialists! But the needy pensioner still waits for government action! And still the Tories are not satisfied! The incentives I have mentioned are still not enough for the family compact!

The hon. member for Muskoka-Ontario (Mr. Macdonnell), in his role as spokesman for the Progressive Conservative party on the budget, demanded that the government take steps to return government interest rates from their present three per cent to the good old five and six per cent of the Tory-dominated finance rates of world war I. Strange how the Conservatives babble away incessantly about government economies, and then one of their most respected front benchers demands interest rates that would raise Canada's self-imposed subsidy to parasitic money-lenders by another $437 million yearly. This one request by the hon. member for Muskoka-Ontario would build up a $875 million present annually from Canada to the great financial institutions and the so-called middle class pensioners for whom my hon. member the financial critic for the Progressive Conservative pleads so eloquently. I wonder whether he will ever plead as sincerely for the expenditure of an equal amount of Canadian money for a universal old age pension scheme for all Canadians, to include those who live on the other side of the tracks as well as his beloved middle-class pensioners. They have to face the facts of life more insecurely equipped than do the coupon clippers who would make every day a day for Christmas giving to themselves.

I regret to state, Mr. Speaker, that, in my view, so far as the post-war period is concerned the economic action of the government has been one of gradually yielding to the wishes and the policies of the Conservative party. The Liberals, yes, and even the Tories on occasion, in debate and in their election literature so often talk the language of a planned economy as advocated by the C.C.F. They do this on the hustings because they are astute enough to know that economic planning is what Canada must have and what Canadians will vote for, but after every election to office the great betrayal is shameless and persistent. This budget gives relief to the rich once more, and it leaves at least the majority of Canadians worse off than before by its failure to eliminate or reduce hidden taxes, the more vicious because they are concealed taxes. I refer to the sales, customs and excise taxes. In his address the minister said that over half the Canadians were too poor to pay income tax; yet these same poor people bear the heaviest tax rate of all our citizens, with the hidden indirect tax of eight per cent, the sales tax and the excise tax. For those who need tax relief most the minister has done nothing in the budget. Not only are these low income families unable to get the meagre benefits of income tax reduction because they have no taxable income, but this coming year the full impact of rising rents, higher costs of food and of clothing, the unnecessary removal of the various subsidies on milk, butter, coal and so on play havoc with the pay cheque of the family.

Let me state this in another way. It is primary economics under any modern government that is not a malevolent dictatorship for public revenues to be levied in accordance with ability to pay, and that the greater the tax needed, the more steeply graduated must be the rates. No such economic policy is at work in the minister's present tax structure; in fact it is quite the reverse. Even in the field of corporation tax the Liberal policy is content to levy a uniform rate on great and small operators alike. Where does the accepted principle of ability to pay rest in the minister's calculation, in this instance?

By the British North America Act of 1867 the powers of provincial governments were limited to the right to collect direct taxes such as those levied on incomes or estates. These taxes cannot be concealed in the cost of living or in the cost of production. In their payment the taxpayer is always acutely conscious of the fact that he is paying taxes and of the amount that he is being taxed. By the same act the dominion government was empowered to levy either direct taxes such as the income tax, or indirect taxes such as the customs, sales or excise tax. Until 1917, during world war I, the dominion remained out of the field of direct taxation, confining its tax powers to those which the producer or importer could usually pass on to the ultimate consumer by concealing the tax in the price tag.

These taxes being hidden in the price tag, were not so glaringly evident to the consumer and, being unknown taxes, were not unpopular. He became critical of the income tax only when his income became taxable, but accepted the more regressive sales tax because he was unaware that, regardless of how low his income, heavy taxes were, in fact, being charged against him, but concealed in the prices of the necessities he bought.

As late as 1930, one-third of all taxes in Canada were of the hidden variety, and just barely one-fifteenth of all taxes were levied on income or inheritance; or, in other words, only one-fifteenth of municipal, provincial and federal taxes were based on ability to pay. It is through this economic sleight-of-hand of dominion ministers of finance, by which they weave sales taxes, excise taxes and customs duties into the cost of living that they pick the pockets of the low-income citizen of Canada.

Every time he buys a can of corned beef for his lunch pail, or the overall for his back, or the paper with which he shapes his smoke, or the tools with which he earns his meagre income-tax-free pay cheque, or when he turns on a light switch to find his weary bed at night, this consumer, who is free from direct tax, still pays a more onerous tax than does his neighbour in the fashionable suburb.

When he buys soles to repair the shoes of his children, or he pays for the cloth his wife uses to patch the holes in the inferior quality clothes that business ethics condone, he pays generous profits to unbridled enterprise (plus customs duty on the imported portions), plus the eight per cent sales tax to the Minister of Finance, plus a 50 per cent to 75 per cent collection fee on the tax, also concealed in the extra mark-up, and too often a 1½ per cent to 2 per cent per month finance charge due to recent sickness or unemployment having caused bills to accumulate.

Even the chocolate bar and the pop bottle pay their regressive tax of 20 per cent to 40 per cent to help create the surplus of the Minister of Finance. The soda-fountain courtships of Canada's glowing-cheeked adolescents are halted till the tax collector gets his two cents a bottle. With the price difference between the drugstore soda and the barroom beer so little, it is small wonder that I have had nearly three hundred letters from youth groups of Regina and elsewhere draw-

ing attention to the moral danger implied in the minister's sales and excise tax policy, as well as to the disproportionate share of Canada's tax burden charged against the teen-age habits of our youngsters. It is refreshing to me that Canadian youth is more keenly alert to the injustice of regressive taxation policies, and more vociferous in protest, than are adult citizens who may be below the income tax exemption; for the latter, quite aware that they pay little or none of the direct income taxes to which their better-off neighbours are liable, remain complacent about the hidden taxes, even while they are bewildered as to the real reason why their wages never quite stay ahead of living expenses.

I will make a wager with the Minister of Finance that if he would make it compulsory for the next six months for every sales tag to show the amount of the price covered by hidden indirect tax, either he would be compelled to bring in a proper sales tax in the next budget, or the Liberal party would go out of existence at the next election.

But so long as the tax may be hidden from the consumer, sufficiently to prevent widespread political repercussions, the degree of impact of the tax burden is to the Liberals of as small concern as it was to the despotic Bourbons of France 200 years ago.

A sales tax that nets the government eight per cent at the point of collection becomes a tax of 12 to 14 per cent to the consumer by the time the wholesaler and retailer have added their mark-up. So that when the government estimates receipts from excise taxes and duties of $490 million; customs duties of $230 million, and sales tax of $325 million, these hidden taxes totalling $1,045 million will actually cost Canadian consumers, because of the inefficency of collection procedure, from $1,500 to $1,800 million for 1947. This is one important view of Canada's budget which the minister neglected to show our people, and which I feel must be shown to complete the scene.

Since levy of indirect taxes is not based on ability to pay, Canadians will in 1947, for each family of five persons, pay an average of $600 to $720 in higher cost of living, due to indirect taxation, with the greatest tax impact on the small wage consumer. From any married wage-earner this takes away in hidden taxes several times what the government pays back in family allowances, more decently to feed, clothe and shelter his children. The sales tax becomes a tax burden in inverse ratio to the income of the family.

In his failure to lighten the heavy hidden load of sales tax, the Minister of Finance has been grossly unfeeling and unfair in his responsibilities of office. His loyal colleague, the would-be Liberal premier of Saskatchewan, the hon. member for Rosthern (Mr. Tucker) indulges in spasms of double talk on this subject. In Saskatchewan, in days that were happier from the point of view of the political aspirations of the hon. member for Rosthern, a Liberal government once imposed a two per cent sales tax in the name of education. This tax, despite the limited tax resources of my province, has twice been modified since the C.C.F. government headed by Premier Douglas took office in 1944. Out in Saskatchewan the hon. member for Rosthern has waxed eloquent for the complete removal of a tax which his Liberal colleagues of recent memory themselves imposed. Then in Ottawa the same hon. gentleman, blandly or blindly or both, supports the continuance of taxation far more regressive and at least seven times as costly to the consumer, by a government having constitutional power to secure revenue from all manner of means denied to one of the poorest provinces in the Dominion of Canada. What an obvious faux pas in logic by a would-be premier.

And note how the other Liberal member from Saskatchewan tries to sugar over the indefensible position of the federal government. The Minister of Agriculture (Mr. Gardiner), who is, in my opinion, one of the cleverest debaters of the Liberal party, speaking on May 12 highlighted his party's spoken promises in contrast to their fiscal deeds in these words, as reported at page 2961 of *Hansard*:

> And I might go further and say that all forms of indirect taxation in Canada today were brought into being in the first instance by a Conservative government. It is true that some have been maintained in part by the Liberal governments which succeeded those Conservative administrations, but in only one instance has there been an increase in one of these indirect taxes. That was the instance referred to a moment ago by the hon. member for Peel (Mr. Graydon), when he said I might have gone a little further. Yes, I might have gone a little further and said the sales tax was increased by the present government in the budget of 1936, in order to take care of the costs which had been placed against the people of this country while the previous government was in power. The intention of the government was—

These are the salient words.

> —to reduce that taxation, just as it had done in other instances. But, Mr. Speaker, we have been through a war which lasted for six years. During those six years the cost of carrying on government was greatly increased, with the result that up to the present time it has not been found possible to reduce that particular form of taxation.

Mr. BERTRAND (Laurier): Is that not true, that we had gone through a war?

Mr. PROBE: The Liberal government put the tax I refer to back on again in 1936 or 1937. We have here in the speech of the Minister of Agriculture just another example of the Liberal pot calling the Tory kettle black. The record of both Liberal and Conservative governments since world war I emphatically belies the sincerity of speakers of both the old-line parties. In this debate, both Liberals and Conservatives say they have a genuine concern to lower regressive indirect taxation, which, not being based on ability to pay, is doubly and trebly unjust to low-income Canadians. But their actions, when they were in power after 1920, give the lie to these professions of concern.

Here is my proof for saying that neither Liberals nor Conservatives have a record in office which can be trusted in the field of regressive taxation. I am going to give figures from the Canada Year Book, 1938, at page 836. On this page there appears a statement of sales tax changes from 1920 to 1938.

In 1920, on May 19, there was placed on the statutes a domestic sales tax of one per cent on sales by manufacturers, one per cent on sales by wholesalers and one per cent on importation. In June of that year the rate on sales by manufacturers to retailers or consumers was raised to two per cent and the import sales tax was raised to two per cent on importations by retailers or by consumers; that is, by the end users.

In 1921—and we are coming now to the government of the present Prime Minister—1½ per cent was the rate on sales by manufacturers to wholesalers, 1½ per cent on sales by wholesalers, three per cent on sales by manufacturers to retailers or consumers, except lumber, upon which the tax was two per cent on all domestic sales; and the import tax had gone up proportionately to 2½ per cent to manufacturers and wholesalers, and four per cent to the retailer or consumer.

Mr. BERTRAND (Laurier): May I correct a slight error. In 1921 the Liberal government was elected in December.

Mr. PROBE: I thank the minister for the correction. We will then admit that these figures I have given thus far are during the Conservative regime, because in the next year, in 1922, when the present Prime Minister was in office, the sales tax, which was 1½ per cent under the Tory regime, or the Union regime the year before, now became 2¼ per cent on sales by manufacturers to wholesalers, 2¼ per cent on sales by wholesalers, and 4½ per cent on sales by manufacturers to retailers or consumers, except lumber, on which the tax was now raised just one per cent on all domestic sales; and the import figure now had risen to six per cent on importations by retailers and consumers.

In 1924 it had become six per cent on sales by manufacturers or producers, with three per cent on a restricted list, and six per cent on importations. In April, 1924—I presume there was an election in sight; in fact, there were several in the next two years, in 1925 and 1926—the list was reduced somewhat: five per cent on sales by manufacturers and five per cent on importations. That lasted for three years, until 1927, after the Meighen regime, and now the present Prime Minister was back on the throne. It was reduced in 1927 to four per cent, reduced in 1928 to three per cent, reduced in 1929 to two per cent, and reduced in 1930 to one per cent. He had brought it back to where it was just before he came into office.

In 1931 my hon. friends under the Right Hon. R. B. Bennett took office, and immediately swatted it up to a nice four per cent on sales by manufacturers and four per cent on importations. In 1932 it went to six per cent in each case, and in 1933 a distinction was made in the case of light articles manufactured by the blind, which were rated at half the tax for other manufactures. There was no change until 1936 when my Liberal friends came into office again, and in 1936, at the time when regressive taxation had its most burning effect on the pocket-books of low-income and relief people, the Liberal government raised that sales tax from six per cent to eight per cent on sales by manufacturers, and eight per cent on imports.

In other words, Mr. Speaker, the statements that have been made in this House of Commons by members speaking for the government, and by members speaking for the Conservative party, are belied by the actions of their governments when they were in office.

My remarks at this time have been confined to regressive taxation; but, before closing, I should like to record my support of the remarks made on the budget by the hon. member for Weyburn (Mr. McKay), who spoke on the irrigation needs of my area; the hon. member for Moose Jaw (Mr. Thatcher), who dealt with a more progressive trade policy, and the hon. member for Humboldt (Mr. Burton), who analysed the implications in regard to agriculture contained

in this budget. At some other time I hope to refer to the record of the government in the field of public housing.

In closing, I must pay tribute to the leader of the C.C.F. party, the statesman representative from Rosetown-Biggar (Mr. Coldwell), for his broad knowledge of both domestic and international matters and, above all, for his unflinching adherence to decent social and economic principles. Were my leader's principles implemented by a Canadian government acting for all sections and classes of our citizens instead of for a privileged Canadian economic aristocracy, the C.C.F. subamendment moved by the hon. member on Tuesday, May 6, would have been unnecessary. That amendment was in these words:

That the following words be added to the amendment:

"(d) fail to raise the income tax exemption levels; and

(e) fail to make any provision for the more than half of our population who are compelled to live on incomes below the present exemption levels."

Mr. F. D. SHAW (Red Deer): Mr. Speaker, my principal reason for participating in this debate this afternoon is to establish clearly and definitely the position of the Social Credit group in relation to the Progressive Conservative amendment and also in relation to the C.C.F. subamendment. In doing so, I shall present concrete reasons for the stand we intend to take. Before proceeding to do that, however, there are certain other observations I should like to make.

The budget debate opens the door wide and presents an opportunity for the discussion of a broad category of subjects. We have heard some speakers deal almost entirely with matters of local consequence; that is, those directly affecting their own constituencies. We have had many speeches dealing with matters of a national character, and also many referring to the general international situation. At first I was tempted to concentrate my remarks upon two or three matters which are the primary concern of my own constituency. While sorely tempted, for example, to devote my full forty minutes to one major local problem, namely the Red Deer post office and customs building and the inadequacy of service resulting from the deplorable condition of that building, I shall reluctantly defer consideration of that matter. But should it be necessary later, during this very session I shall devote forty minutes to that subject and direct my remarks to the Postmaster General (Mr. Bertrand), the Minister of Public Works (Mr. Fournier) and the Minister of National Revenue (Mr. McCann). I hope I may not have to do that. Then, too, it is difficult for me to resist the temptation to devote my full forty minutes to a second vigorous protest against the contemplated joint action on the part of the Canadian Pacific Railway Company and the Canadian National Railways, with the blessing of the board of transport commissioners and the governor general in council, to abandon 64½ miles of railway in the Red Deer district, and thus, among other things, reduce land values in that area, virtually ruin several villages and hamlets, adversely affect our mail service, increase the cost of grain, live stock, coal and lumber marketing, contribute toward unemployment, cripple certain small private businesses, and provide cause for increases in municipal taxation. My opinions and the opinions of those directly affected by this retrograde action will certainly be made known to this house before the day of prorogation arrives.

I should like now, Mr. Speaker, to refer to just one or two speeches which have been made in this house during the past few days. First, I should like to refer to page 3310 of *Hansard*. The hon. member for Bonaventure (Mr. Arsenault) was speaking at the time. I am not referring to this because he happened to be the speaker but because he seemed to reflect a view held by a great many members on the other side of the house. Referring to dominion-provincial relations, the hon. member said:

In a country as great as Canada, so immensely rich in lands, forests, fisheries, minerals and other natural resources, with a small population of not quite 13,000,000 inhabitants, we do not want, as was suggested by the hon. member for St. Maurice-Lafleche, to go back to the conditions which prevailed in 1921, for example, or in 1930, or even to the conditions which prevailed from 1937 to 1939, because, if we remember well, the last economic crisis was sunk in the rivers of blood of the last great war. We do not want to see again in this country thousands of Canadians on direct relief, or living in a state next to starvation merely because of the lack of proper provision in the constitution of this country, or the lack of collaboration between federal and provincial powers, or, in other words, because of the blindness, the short-sightedness and the foolishness of men.

Let me assure the hon. member, to start with, that I for one certainly do not wish to see those conditions occur again; but I think in the latter part of that statement, instead of saying "or in other words", he should have said simply "because of the blindness, the short-sightedness and the foolishness of men." The thing I want to point out is this. I fully recognize that we desire a complete understanding and working agreement between the dominion and provincial authorities. In my opinion it is certainly necessary that we develop a proper concept of a working federal democracy, with the restatement and redefi-

nition of rights, authorities and responsibilities of all governments. But—and I lay emphasis upon this—if the hon. member for Bonaventure and those who think as he does with respect to this matter believe that the mere transfer of authority from the provinces to the dominion will, in itself, prevent unemployment, prevent business stagnation, or prevent another war, then I say the hon. gentleman is in for a rude awakening. I assert that with that we must have certain fundamental changes in those economic and financial policies which, as they now stand, contribute to unemployment, relief, crushing taxation and debt, trade wars and military wars. It does not matter who administers the dose of poison; the results will be the same in either case.

A number of members from the maritime provinces have laid a good deal of emphasis upon conditions facing them and their people in that part of Canada. I congratulate them upon the energy and sincerity they have displayed in presenting those problems. As one whose paternal ancestors were for six generations rooted in the soil of Nova Scotia, as one who has travelled rather extensively in that part of Canada and has, I believe, an appreciation of their problems, I do not hesitate to join them in their plea for simple elementary justice.

Many of the problems of the maritimes are similar to those of the great west. The maritimes are faced with an unfair freight rate structure; so are we. They are faced with lack of secondary industries and all that means, and so are we. They have their coal problem, and we have ours. They are faced with the fact that in Canada we find financial centralization in the two central provinces, which has mitigated against the proper development both of the east and of my section in the west.

I say to members of parliament from central Canada, you have the political strength here; but you must also have with that the understanding and the sympathy necessary to make possible the solution of those maritime problems, and also the solution of many of our western problems.

In that connection an hon. member from the maritimes stated only a few days ago that his people are beginning to look south. I say that in the west many of our people are looking south. Many of them—and I presume this is also true of the maritimes—have gone south, because of a lack of what they regard as proper opportunity in those parts of Canada.

In my estimation that is a dangerous trend, dangerous for Canada. I say certainly that if the solution rests within our power, then we must find it and apply it. I was astonished the other day to hear an hon. member refer to the 30,000 unemployed—and I am not sure whether they were in Nova Scotia or in the maritime provinces.

An hon. MEMBER: The maritimes.

Mr. SHAW: Even as applied to the maritimes, it is still an astonishing situation for us to view at this time. If one makes allowance for unemployment resulting from strikes, we are still left with a most astonishing situation.

I well recall two or three years ago, and more particularly just before the last election, when we had showered upon us those grandiose promises with respect to full employment. I am reminded of the Minister of Veterans Affairs (Mr. Mackenzie), who, not long before the last election, wrote in these words:

> Full employment is the declared policy of the government, and I for one am confident that as a nation we have the capacity to obtain that objective and to maintain it.

I cannot read those words with the same fervour with which the minister would utter them. Nevertheless, what he said is perfectly clear. And commenting editorially upon those words of the Minister of Veterans Affairs, the publication in which it was found said this:

> Full employment is the declared policy of the government which means that work must be found for all; as the public welfare is the government's first responsibility.

In even more specific language, the present Minister of National Health and Welfare (Mr. Martin) is reported as follows in the same publication:

> 1. Full employment is the avowed and declared policy of the government.
> 2. Most intensive studies and plans have been instituted in order that this objective may be attained.
> 3. —

And this is the most important one.

> —the most informed economic advisers are of the opinion that a policy of full employment is one within our capacity to achieve.

And that was written under this title, "What can be done in the name of war must be done during peace," and the subtitle is, "Public welfare must come first."

Mr. BENTLEY: Is that a Liberal speech?

Mr. SHAW: Yes, the Minister of National Health and Welfare.

Mr. MARTIN: Is the hon. member aware that there are more men employed today, by a million, than there were in 1939?

Mr. SHAW: I am fully aware of that.

Mr. MARTIN: Refer to it, then.

Mr. SHAW: But it is not full employment, or at least not my idea of it, when we find 30,000 men in a small area seeking employment, and even having to migrate out of that area in order to live.

Mr. GRANT: That is wrong.

Mr. SHAW: The minister said that what they want is security. I agree. He said that they want a job to go to and nothing short of this must be provided, and that full employment is the pivot of the government's postwar plan.

I could fill the pages of *Hansard* with similar quotations emanating from cabinet ministers and other members of the Liberal party. I say to members of the Liberal party in whose constituencies unemployment might exist, you must be prepared to take whatever the unemployed are prepared to hand you; because you gave them those definite assurances. They cannot be expected to accept the excuses which some persons are so capable of manufacturing. Today labour enjoys its security, or semi-security as the case may be, only while engaged on the job, and only while in receipt of a pay cheque. I think it is recognized that if you stop that job, you stop the pay cheque, and you take from the individual everything, including his freedom.

Once you relegate the worker to that position he might well accept all that the anti-democratic or the subversive elements in the country or the community might be prepared to offer him. When the discussions respecting full employment were taking place in the house, and at the time of the last election, we made it clear that as an objective full employment was not necessarily the desirable thing. We contended that full employment, so long as it was useful and so long as it contributed to production so necessary to the life of the country, would have our support. But we also emphasized the fact that the only conditions under which full employment could be guaranteed would be those under which one would have the right to pick a chap up by the nape of the neck and throw him into any spot where you might find any kind of work for him. We find today a movement of persons out of the maritimes. I say they are migrating by virtue of economic compulsion. They have little opportunity of even surviving should they remain there and should conditions be permitted to exist under which they cannot find a useful type of employment.

I was interested in an editorial which appeared in the Ottawa *Journal* of April 18 with respect to this question of full employment. If my memory serves me correctly, the Ottawa *Journal* was one of those which gave a good deal of emphasis to the desirability and the possibility of full employment. Since that time, they have had either a change of editor or a change of heart. This is the editorial in part:

> "Full employment" in other words, is a phrase that should not be used in a democratic state, this for the reason that it is something which can be practised only in a totalitarian state. Under a totalitarian regime, where men are told where to work, and when and at what, workers can be moved in the mass from one area to another. Under a democratic regime that can't happen. Because it can't happen, loose "full employment" talk does harm—may in come cases be positively mischievous.

I mention that for two reasons. First, you guaranteed them full employment; you built up their hopes and you have not given it to them. Second, we cannot have as our ultimate objective full employment when that involves the necessity of an individual engaging in useless employment in order to secure his income. I should like to devote more time to that, but there are a number of other matters to which I wish to refer.

Referring now specifically to the budget and taxation, I think to anyone who is at all observant there is ample evidence of the inadequacy of the tax reductions indicated in the budget. I know that to those whose taxes were reduced such reductions are welcome. However, there is one aspect which I wish to emphasize. Under the stress of war the government of Canada imposed a great variety of taxes, including sales tax and nuisance taxes, upon our people. Canadians accepted them because of the war and because of the requirements of war. However, no attempt is now made to make substantial reductions in them. In my estimation there is nothing in the budget designed to reduce the cost of living for hundreds of thousands of Canadian people. Nothing is to be found in it which will permit a higher standard of living for those persons who were forgotten by the income tax reductions. There is a tremendous surge of criticism in this country with respect to the action of the government in imposing certain conditions because of the stress of war and then persisting in continuing those conditions after the war is over. If my memory serves me correctly the Income War Tax Act was introduced during another war, and assurance was given then that it was only for the duration of the war and only to meet very special conditions which had come into being as a result of the war.

In his budget the minister estimated government expenditures in excess of $2,000 million. As compared with 1946-47, this shows an approximate average percentage of reduction of nineteen per cent for the present year. I should like to compare that with 1939. If the figures which I have worked out are correct, for each dollar spent by the government in 1939 they now contemplate spending $3.80. The Canadian citizen finds himself in this position: for every dollar which he earned in 1939 he is now receiving approximately $2.80. The important aspect is that government spending has increased at a much more rapid rate than the national income.

The disturbing aspect of the whole thing is that while the national income may slip to lower levels, even to depression levels, government spending to a substantial degree has become fixed and will remain close to its present levels. It is recognized that, should a recession come in any pronounced degree, the government might resort to borrowing and debt redemption might not continue during such a period. In my estimation the real burden of the debt is the interest on the debt and the government feels morally bound to make those payments. We are already paying between $400 million and $500 million a year in interest. With a recession, with recourse to greater government borrowing, the burden of those interest charges might reach crushing proportions within this country. Interest is now taking between twenty and twenty-five per cent of all government collections. That is a tragic situation and, unless we adopt some other policy, we may find such conditions as would block Canada in any attempt she might make to have continued stability within the country.

I know that this house gave very little attention to the amendment moved by my leader (Mr. Low) to the address in reply to the speech from the throne. In that amendment he advocated:

> The use of the national credit to meet at least some of the financial requirements for essential services; and, as a guarantee that this country shall not again be subjected to financial depression, to make available to each and all Canadian citizens a proper portion of purchasing power which shall not first pass through the usual channels of industry, this on a basis calculated to maintain a balance between effective purchasing power in the hands of consumers and the aggregate of the prices of goods available for sale.

I think it is becoming more obvious that in that rests a solution to many of the great financial problems which face this country today and which will face this country in far greater degree, I can assure you, sir, within the next two or three years.

[Mr. Shaw.]

I should like to refer to the statement made by the minister with respect to the revision of the income tax law. I have not as yet heard any reference made to this matter, but to me it is one of the important aspects of the budget. Referring to this, the minister said, as reported on page 2557 of *Hansard:*

> 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.

The minister then stated that it was his intention to introduce, during this session, a bill embodying this general revision of income tax law. May I say I believe that every thinking member of this house—I am going on the assumption that they are all thinking members—realizes the absolute necessity of a revision of the Income War Tax Act. I submit that, above all else, that act must be so constructed as to prevent the possibility of the extension of special privileges through interpretation. It is my conviction that, as the act stands today, there is every possibility of special privileges being extended to certain persons because of the regulations and more particularly because of the interpretations.

It should be borne in mind at all times that, even if the act is made perfect, its successful operation will depend upon two other things which I wish to mention. In the first place, it is my contention that adequate finances should be provided in order to properly staff the income tax offices. It is my opinion that you cannot possibly secure or hold the services of competent men unless you are prepared to pay them sufficient to make these positions attractive. I believe that if the facts were known we would realize that competent men are walking out of these offices almost every day. It would be interesting if the minister would table figures with respect to the labour turnover in the income tax offices.

In the second place, unless they establish salary schedules in these offices and adhere to these schedules they are going to strike a blow at the morale of the personnel in the service of the Department of National Revenue, and I lay special emphasis on the income tax division. We all know that appointments to the national revenue department are not made through the civil service commission. I personally think that is wrong. I know that, as the civil service commission is at present constituted and with its limited authority, it works under tremendous handicaps. There is alto-

gether too much opportunity for interference in their deliberations. In fact, once before I brought evidence before the house to show that the commission had made appointments of persons who, to use a crude expression, were kicked out of the service because they were not acceptable to the person who happened to be in charge of a particular branch.

I want to emphasize this, too, that if there is any department of government where the door is open to the charge of political patronage, that department is the Department of National Revenue, and I say that because they ignore the provisions of the Civil Service Act. Let me make it perfectly clear that I am not making any charge. I am not saying that is the case, but I am saying the door is wide open. The employees they now have in that department must feel most insecure, and they can be made to feel much more insecure if they realize that their seniority and their ability are being ignored by the department. I do not care to say more about that at the moment except this. When the time comes for a revision of the Income War Tax Act, I say, by all means refer it to some committee of the house for careful examination. I would go a step farther and say, refer to that committee also the Excess Profits Tax Act. I should like to know something about some of the decisions made by the board of referees in determining standard profits. I should like to see that act and that specific section of the act considered by any committee of this house at the appropriate time.

Since my time is fleeting rapidly, I must leave out a number of matters to which I was going to refer. I come directly now to the amendment and the subamendment.

The hon. member for Peace River has already pointed out that, if the rules of the house did not forbid it, this group would move an amendment as soon as one of those now before us is disposed of. Our amendment would have been more constructive than either of those we are now considering. However we find ourselves in substantial agreement with the criticisms contained in both the subamendment and the amendment. Let me hasten to say this. I wish to make it abundantly clear that, while we are in substantial agreement with what is contained in the subamendment and the amendment, we are not subscribing to all that was said by the sponsors of these amendments. In fact we would be the first to condemn certain things that were said, such as the reference of the hon. member for Muskoka-Ontario (Mr. Macdonnell) to the fact that interest rates were too low. I quote that only as an example.

Mr. MACDONNELL (Muskoka-Ontario): The hon. member is one of the fairest men in this house, and I want to ask him this question. Will he be good enough to read what I said about interest rates? If he does he will find that all I said was that I questioned whether low interest rates were a panacea for everything. I pointed out that they bore hard on certain elements in the community. But as for advocating higher interest rates the hon. member will find that I did not do that at all.

Mr. SHAW: I should not like to attribute anything wrongly to the hon. member. What he said was:

> Fifty years ago the man who retired with a modest competency could get five or six per cent on it and he could reckon on living the rest of his life upon the proceeds. What happens today when he receives three per cent? And he is lucky if he gets that.
>
> I believe that when we are considering this matter of the low-interest rate policy—and I know it is difficult, though it is attractive from the government's point of view—when, I say, we are considering this low-interest rate policy I suggest that this very important factor be taken into consideration—it is very important indeed—that there are large elements in the community who are suffering greatly by that policy. One other thing I would like to say in this connection. I would ask whether we can go on freeing other things and leaving the rate of interest tied down tight. Personally I very much doubt it and I think it is a matter worthy of the most serious consideration.

If the hon. member says that he did not intend that we would have to increase interest rates I am prepared to accept his word, but I read what he said very carefully and drew that conclusion, and I think the house drew the same conclusion from his remarks.

To turn again to the subamendment and the amendment, the hon. member for Peace River placed quite fully before the house our views on hidden and indirect taxes. No government speaker has in the slightest degree shown why there could not have been at least $50 million reduction in these taxes for the coming year. Such a reduction would have been quite possible without endangering Canada's financial stability or without running the year's operations into a deficit, even if the government persists in running affairs under the present antiquated financial arrangement. We would consider this a good start on the road of progressive tax reduction; this country would have witnessed an almost immediate reduction in the cost of producing goods and services, and the cost of living would have been eased considerably. The government cannot successfully claim that it is concerned about the welfare of the Canadian people in the light of its failure to do what obviously

it could have done to tackle the high cost of living problem. Therefore we support clause (a) of the Conservative amendment.

It is our opinion that the best way to encourage the development of our natural resources is to take whatever steps are necessary to provide a ready market for the production from these resources at prices that will return to those engaged in mining, agriculture and so forth, a fair margin of profit over the years. The best market that we have for our goods is the one that is most neglected—the home market. It is quite obvious that there is nothing in the budget designed to expand and develop this internal market, and therefore our mining, lumbering, fishing, and farming interests are forced to scramble for foreign markets with all their uncertainties and problems. Therefore, with the second part of the Conservative amendment we must agree.

With regard to dominion-provincial relations, the leader of this group placed our position squarely on record in the debate on the address. Certainly this government has failed utterly to achieve unity in Canada and to secure the cooperation of all the provinces in working out a programme of social security, health, and public investment. It is quite evident that the concept of federal democracy held by the Liberal government is not one which makes for united effort toward a new order in Canada. Most of the provinces resent and fear the strong centralization tendencies which they have seen in the Liberal government. Most of them view with considerable anxiety the trend toward international centralization and the surrender by this government to an international authority of portions of our sovereignty, which action is bound to affect the rights and autonomies of the provinces themselves. The dominion-provincial conference machinery should be well on the way toward a complete restatement of the rights and authorities of the various governments in this country. Instead of that, what do we find? Ill feeling, division, and lack of united purpose. Under the circumstances, therefore, we must agree with the third part of the Conservative amendment.

And now a word about the C.C.F. subamendment. This simply adds two further parts to the Conservative amendment. With regard to the first, this group has consistently advocated increasing the exemptions under the Income War Tax Act. We think another step should have been taken this year. There is no reason why at least another $50 million could not have been taken off the taxpayers in the lower brackets, because it is perfectly clear that at the end of this year the government will come through with another handsome surplus, one which they have no right to accumulate so long as the people are carrying the heavy burden of taxes which they are carrying. If we look at the matter from the purely orthodox point of view, something most certainly could have been done to relieve the people of the burden of this terrible tax. If the government could be persuaded to adopt an honest financial system, there is not any question about our being able to increase exemptions to $1,500 for single persons and $3,000 to married ones in this country.

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but he has exhausted his time.

Mr. SHAW: If I could have just about one minute I could finish my remarks.

Some hon. MEMBERS: Go ahead.

Mr. SHAW: In fact it would be made easier by adopting what I shall call the honest financial system, but it could be done under the present one. This we are prepared to prove beyond all shadow of doubt.

The second part of the C.C.F. subamendment needs little comment. We find ourselves in agreement with it, because, as I have already stated, this budget has meant nothing at all to the larger half of our population who are exempt from income tax imposition. It is a disgrace and a reflection on the intelligence of the people of this day that half the population should have to pay the price they are paying for the goods they must have out of incomes that are so low that they do not come above the $750 and $1,500 exemption levels. This great group of Canadians could very well have been assured reasonable security through the retention of subsidies on milk and butter and some other essentials of living. They would have been assisted materially had this government tackled the problem of indirect taxes as I have already shown that they could have tackled it. We find ourselves, therefore, in support of both the subamendment and the amendment and shall vote accordingly.

EXPLOSIVES

AGREEMENT BETWEEN CANADA AND THE UNITED STATES RESPECTING MUTUAL INTERCHANGE OF PATENT RIGHTS

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): I wonder whether I could have the unanimous consent of the house to revert to motions for the purpose of tabling a certain agreement

evidenced by an exchange of notes? I should have done it at three o'clock, but I did not have the document before me at that time It is an exchange of notes between Canada and the United States recording an agreement for the mutual interchange of patent rights in connection with RDX and other explosive compounds which were developed during the war years by our honorary council for scientific and industrial research in Canada; and by the office of scientific research and development in the United States. Those that were developed in the United States were registered first in Washington; those developed in Canada were registered first in Ottawa, but the agreement is for the use without royalty by both governments of the whole process evidenced in this series of patents.

Mr. GRAYDON: I take it that this is a further step in the defence collaboration between Canada and the United States.

Mr. ST. LAURENT: It is a continuation of the close collaboration that there was in this scientific field during the war years.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

WORKMEN'S CIRCLE OF CANADA

The house in committee on Bill No. 180, to incorporate Workmen's Circle of Canada—Mr. Croll—Mr. Macdonald (Brantford City) in the chair.

The CHAIRMAN: I may remind hon. members that this bill received its second reading and was referred to the committee on banking and commerce and has been reported by that committee without amendment.

Bill reported, read the third time and passed.

CANADIAN COUNCIL OF THE GIRL GUIDES ASSOCIATION

The house in committee on Bill No. 206, incorporating the Canadian Council of the Girl Guides Association—Mr. Ross (St. Paul's)—Mr. Macdonald (Brantford City) in the chair.

The CHAIRMAN: I would remind the committee that this bill was referred to the committee on miscellaneous private bills and was reported from that committee without amendment.

Bill reported, read the third time and passed.

CANADIAN NURSES' ASSOCIATION

The house in committee on Bill No. 171, to incorporate Canadian Nurses' Association—Mr. Benidickson—Mr. Macdonald (Brantford City) in the chair.

On section 1 —Incorporation.

Mr. BENIDICKSON: I did not speak on the second reading of this bill, Mr. Chairman, but I think many hon. members will envy me the privilege of being sponsor of the incorporation of an association whose merits are so well known as those of the Canadian Nurses' Association, as it has existed for some thirty-five years. The members of the association are the members of the various provincial associations, who, under the laws of the several provinces, become registered nurses. That group consists of 24,000 people and, after its long history, these people have decided for certain purposes that they would like to have incorporation by the federal parliament.

They publish a newspaper known as *The Canadian Nurse,* and in the course of their development there will be the acquisition of certain property. It is felt by the members that the time has come, after an existence of thirty-five years, when personal liability on the part of their officers and so on should be eliminated and they should have the right of incorporation.

The purposes of the organization are analogous to those of many other professional societies such as the Canadian Bar Association, the Canadian Medical Association, the national association that has been formed by engineers in the various provinces, and so forth. I could give other illustrations.

I should like for the record to indicate the objects as set out in the bill, which are those that constitute the background for the present formal incorporation in the Canadian parliament:

(a) to dignify the profession of nursing by maintaining and improving the ethical and professional standards of nursing education and service;

(b) to encourage its members to participate in affairs promoting the public welfare;

(c) to promote the best interests of the nurses of Canada and to maintain national unity among them;

(d) to encourage an attitude of mutual understanding with the nurses of other countries.

The common and general terms under section (e):

(e) such other lawful acts and things as are incidental or conducive to the attainment of the above objects.

There is in the proposed charter nothing which in any way interferes with or encroaches upon the provincial associations that have been incorporated in the different provinces, or with provincial legislation. As a matter of fact, a prerequisite to membership in the national organization is acceptance under the provincial laws into the provincial association.

We all realize that the provinces are jealous, and properly so, of their jurisdiction, their provincial autonomy and the protection of civil rights within each province, and I simply wish to assure hon. members that, if each province decides that a nurse may be accepted within the regulations of that provincial organization, such nurse will in turn become a member of the Canadian Nurses' Association and receive copies of the admirable paper put out by this organization, which in turn will help to achieve the objectives I have enunciated.

Mr. CHURCH: I rise not to oppose but rather to support the principle of this bill, but I should like to point out certain aspects of the matter with which it deals. The promoters are all good people who are a credit to their profession. It took the medical profession of Canada nearly thirty years to form the Canadian Medical Association, and I know something of the difficulties that beset such organizations. I know something about the questions that nurses have to cope with, having been chairman, with the late Mr. Thomas Bradshaw, of the hospital commission in our city.

One difficulty of a national nurses' organization relates to contracts between employer and employee, property and civil rights within the province, and things of that sort. The situation in regard to nurses has undergone a complete change. If you applied for a registered nurse tonight in Toronto you would find it almost impossible to get one, that is to say, someone who has taken the course. Moreover, hospitals have a great deal of difficulty in providing rooms. One floor in the big hospital in Toronto has been closed. The city provided the site for that hospital, and has very largely to help to maintain it with capital and per diem allowances. There have been large capital expenditures in connection with every hospital in the city; just the other day there was a capital expenditure of $250,000 in connection with a smaller hospital.

During the war a great many nurses went into the armed forces, and there grew up a type of nurse called a practical nurse. What is a practical nurse? The common definition is that a practical nurse is one who has just learned by experience, without having had very much training. They might have been employed as maids, or in any one of a number of other occupations, but they turned themselves into what they called practical nurses and charged $6 a day. Well, think of three practical nurses, each receiving $6 a day, together with free room and board and all the rest of it. No working man can afford to pay that.

Then I want to point to the good work that has been done by the St. John Ambulance Corps and the Victorian Order of Nurses. I have no objection at all to the principle of this bill. I had a talk with the minister of health about it. I understand that he was somewhat opposed to it, but I do not know because he never told me; one of the members of the committee told me. Did these people, as promoters of this bill, ever consult the hospitals? Every qualified nurse is on a register, of which there are five or six in our city, and most of them are connected with a hospital. The promoters of this bill never consulted the hospitals, and as far as I know they never consulted the medical officers of health of the municipalities or the provinces. Formerly the provinces did not pay very much attention or give much of a per diem or capital to hospitals, which were maintained largely by private organizations of one kind or another, and most of them with capital aid and maintenance of cities and towns. The city of Toronto made a grant of so much a day for each patient; I think it used to be fifty cents, then $1.50, but now I understand it has gone up to $2 or $2.25, and in addition they have had, in the case of Toronto, to make large capital grants to all hospitals. Here in this parliament we used to spend only about $200,000 on the health department. Before the war that went up to about $475,000, and now they are trying to expand it still more. So far so good, but of course it is impossible for this government to give anything to hospitals by way of maintenance or capital expenditure. The time has come when it will have to. The situation is serious for the working man, because he cannot afford to pay for this nursing service and hospitalization. For that reason the work of the St. John Ambulance Corps and the Victorian Order of Nurses is important. A medical doctor sees the patient, and then a qualified nurse comes once a week to look after him, at a charge of only $2. The Victorian Order of Nurses also did a great deal of good work during the war.

While I do not object to the principle of this bill, I think it might have been left over in order that some correspondence might be had with the federal, provincial and municipal medical health officers and with the provinces and the hospital authorities, because this is a matter concerning relations between federal and provincial authorities, which should be the subject of a dominion-provincial conference. It is one of the most important things we have to consider, because one of the first duties of a government is to look after the health, wealth, happiness and prosperity of our citizens. I do not oppose the bill; I have been told that the provinces have consented to it. But the provinces are not the hospitals, and I think the hospitals and also the medical officers of health and the medical schools should have been consulted. In addition to that, I notice that some of the incorporators come from other provinces. I want the bill surrounded with proper safeguards, and I want it understood that if this resolution passes it will not interfere with the St. John Ambulance Corps, the Victorian Order of Nurses or any nurse who is prepared to make her services available.

Mr. CRUICKSHANK: I am so glad the hon. member for Broadview is 100 per cent behind this bill. The province of British Columbia appreciates his cooperation and support. I think the sponsor of the bill, the hon. member for Kenora-Rainy River (Mr. Benidickson) made an able presentation. I happen to be an ex officio member of the nurses' association of British Columbia; and I hope that some time the hon. member for Kenora-Rainy River and the hon. member for Broadview, both of whom have an unenviable status, will come out and get to know the members of that association as I know them.

If there is to be any talking out in connection with this bill I give warning that I will talk out every bill introduced from every other province during the present session. I would only disagree with the hon. member for Kenora-Rainy River on one point, and that is when he compares the high standards of members of the bar and of the medical profession with those of the nursing profession. I want to assure my hon. friend that neither he nor any other member of his profession can ever hope to attain such high standards as those maintained by the nurses in Canada.

Mr. BENIDICKSON: I should like to say to the hon. member for Fraser Valley that the hon. member for Broadview has, in fact, been very considerate. He spoke to me before the house met this evening; he had some queries as to the status of the St. John Ambulance Corps and practical nurses, and I want to assure him and all other hon. members that there is no intention to interfere in any way with the status of those organizations or persons. I also want to say that the nurses are organized provincially, and that each provincial organization has seen the proposed constitution and has approved it. My hon. friend has also indicated some connection in an ex officio capacity with the nurses' association. I want to say it has always been a matter of great pride on my part that my mother was a member of the nursing profession of Ontario.

Section agreed to.

Sections 2 to 8 inclusive agreed to.

On section 9—By-laws and regulations.

Mr. MacINNIS: I understood that an amendment was made in committee to this section. Should not that amendment be read? If there has been an amendment, the bill before us is not the bill that is being passed.

The CHAIRMAN: The hon. member for Vancouver East is correct, and I thank him for bringing this point to my attention. Section 9 was amended by inserting in line 2 on page 3, after the word "appointment" the words "to the executive committee."

Amendment agreed to.

Section as amended agreed to.

Sections 10 to 16 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

EVELYN FLORENCE ESSON PUGH

Mr. R. H. WINTERS (Queens-Lunenburg, for Mr. Maybank) moved the second reading of Bill No. 207, for the relief of Evelyn Florence Esson Pugh.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, may I first of all suggest that no doubt divorce legislation is farthest from the mind of the hon. member who is moving second reading, in the absence of the hon. member for Winnipeg South Centre (Mr. Maybank). I am sure the hon. member would be the last to wish to have his name associated with this, and the following bills.

It is not my intention this evening to speak at length about divorce. I would point out, however, that on June 21, 1946, the then

minister of justice, in an effort to find a solution for this vexed problem which has been drawn to the attention of both houses on many occasions in recent times, had this to say, as reported at page 2713 of *Hansard* for last session:

> I have suggested to hon. members of parliament concerned with this that there might be some other solution that would not set up divorce as a matter of right but would largely relieve parliament of the inconvenient features of the practice now going on. The courts of the province of Quebec pronounce decrees of separation for adultery. If parliament were to say, "We will not consider an application unless it is supported by a decree of separation based upon a finding of adultery," then the committee of parliament would not have to go beyond looking at the documentary evidence.

Since then I cannot recall having had any report from the then minister of justice, who is now Secretary of State for External Affairs (Mr. St. Laurent), with respect to his investigation as to the possibility of the solution he suggested should be advanced at that time.

Perhaps at some stage in the debate, or on some similar situation—and I raise the matter now because we have almost reached the end of the time alloted to private members—the Secretary of State for External Affairs would give the house some ideas as to the results of his investigations.

There was one further matter I wished to bring to the attention of the house. I had hoped that the minister, in collaboration with the former minister, might have reached some solution, because upon looking over the statutes for last session I find that almost a third of the space in that volume, which I now hold in my hand, deals with matters in which the average individual finds little interest. I refer to the 289 acts dealing with divorce at that session. From the point of view of the cumbersome nature of the statutes themselves, and indeed from every other possible angle, it seems to me desirable that something be done to find a more satisfactory means of dealing with a problem which in recent years has become so vexed.

I am told that divorce applications at this session of parliament may reach an all-time high. While last year there were 289, if my memory serves me correctly there are at this session already before the senate no fewer than 406 applications for divorce. I would suppose that before the close of the session those bills will have reached the House of Commons, and it will be expected that they will become law.

I have no desire to raise my voice unduly in this matter, nor have I done so during the years, but I earnestly implore the government, through the Secretary of State for External Affairs, to do something in this matter. Perhaps the Secretary of State for External Affairs would speak to us concerning the possibilities which at that time he considered were bright, but which, upon further investigation, he may have found quite different.

I would close my remarks by asking someone in the government to take this matter up, to see if there is not some slim ray of hope whereby parliament may be relieved of this vexatious job which has been entrusted to it under the present laws of the dominion.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I have watched the grave defects in this type of legislation, which we find in great abundance after every great war. The wives and children deserted are the ones who suffer. I suggest that during the recess the government or state should give consideration to that feature of the problem.

I believe that the Anglican Bishop of London, England, is expected to visit Ottawa shortly. Over there, for the first time in 350 years, they are about to change the divorce laws. A royal commissioner was appointed by the Archbishop of York, and some changes have been recommended. I hope the government will study that report. The right hon. the Bishop of London, Doctor Wand, recommends "reconciliation" and "forgiveness" as part of the programme. Reconciliation, he says, is a most important remedy and forgiveness is a healing force.

As I have said before, I believe county court judges could handle divorce more effectively, with cheaper divorces resulting. Judges of the high court are sick and tired of it. Before Christmas and before June, three or at times four judges must try divorce cases in the city hall at Toronto, to help clean up the list. The wives and children are the ones who suffer in these cases, and I hope something will be done about the matter. A civil registration system is also a remedy. Under Roman law marriage was a contract.

The royal commission in England was presided over by the Archbishop of York. I hope the government will study the report to see if the state cannot do something to relieve the great social wrong done the wives and children who are left very largely as a charge on the municipality and on their friends.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, if we were to allow ourselves to think of this list of homes broken up through misunderstanding we might come to the conclusion that it is a disaster for home

life in Canada. But when one compares this list with the list of fine Christian homes in this country, he finds it is only a small percentage. I know of homes where young men were married before they went overseas. They came back, bought their homes and called in their minister who dedicated those homes. Those are happy homes.

I think we should emphasize strongly the outstanding number of Christian homes which are telling their own story through what they are sending out by way of clean character in our young men and maidens.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I wish to say only a word apropos of what was said by the hon. member who introduced the subject this evening. Anyone who has given thought to the subject must come to the conclusion that divorce has reached enormous proportions in this country. But I differ from the first speaker this evening when he endeavours to lay blame on the dominion government, either for the method in which divorce proceedings are carried on, or for the divorce actions themselves.

It is true, as he said, that the statute books are thick. I do not know how many members understand just how carefully the committee of the senate investigates every case which comes before it. I do not know of any court in this land which is giving more consideration — and serious consideration — to divorce, than is the senate committee. I am surprised to hear hon. members suggest that bills are being passed through parliament without any thought. Let us be fair in regard to the matter. Any hon. members who are in doubt can go over and see for themselves how carefully this work is done. There are those who speak about giving the senate more work to do. I am not a bit alarmed about the work they are doing.

All this does not touch the problem of divorce. This is one of the most serious problems facing this country. It is a problem which will have to be faced by the people of Canada, by the churches and by the provincial governments. I rose in case any thought was in the minds of hon. members that what we were doing here was condoning divorce or that no consideration was given to divorce bills coming before the senate committee. I think everyone will agree that as between the courts of this land and the senate committee there is more fairness, justice, consideration and investigation in connection with the work of the committee than in connection with the work of any courts in this country.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, I have listened most attentively to what has been said by the hon. member for New Westminster (Mr. Reid). It would be quite illuminating to have a list of petitions for divorce which have been presented to the senate and the number of petitions granted. I am ready to give the benefit of the doubt to the hon. gentlemen of the senate, but what seems strange to me is that very few of the applications are turned down. Some day I may ask a question about the matter and the answer may be a surprise to us.

When these matters come before the civil courts the judges question the witnesses and these investigators who are paid so much to look through keyholes and who always give the same evidence. They have a hard time before the courts; but, according to the reports of the senate committee, their evidence is always the same. It is only about two or three pages long; the same questions are asked and the senators seem to take for granted that the application—

Mr. SPEAKER: I would remind the hon. member that he should use the words "other house" or "members of the other house."

Mr. POULIOT: I did not understand what Your Honour said.

Mr. KNOWLES: Refer to it as the other house.

Mr. POULIOT: Oh, yes, the other house.

Mr. KNOWLES: Call it anything you like, but not the senate.

Mr. POULIOT: If I use the expression "other house" I know hon. members will understand what I mean or whom I mean. I wonder if the gentlemen of the other house could not at times take a more conciliatory attitude instead of listening so attentively—

Mr. CRUICKSHANK: They should look through the keyholes themselves.

Mr. POULIOT: —to what is said by the investigators? I wonder if they could not try to do something to bring together those who may have differences that are really not as bad as described by the lawyers? That is done by the judges. They try to bring married couples together who have some differences, and quite often they are successful. Then the committee of the other house can do nothing with regard to the children because the rights of children are supposed to be civil rights. Therefore, when a divorce is granted the children become like orphans of the storm, which is very sad and pitiful. I admire the earnestness of my colleague in expressing the

sincere wish that we have fewer cases of this kind, and in that we have the support of all the churches. I hope the churches will join together in trying to bring about a satisfactory solution of this matter.

Motion agreed to and bill read the second time.

SECOND READINGS

Bill No. 208, for the relief of Katie Rhoda Brick McGrath—Mr. Maybank.

Bill No. 209, for the relief of Louise Guiol Ghetler—Mr. Maybank.

Bill No. 210, for the relief of George William Curtis Johnson—Mr. Maybank.

Bill No. 211, for the relief of Melville Mae Rundle Swinburne—Mr. Maybank.

Bill No. 212, for the relief of Ruby Weldrick Hunt—Mr. Maybank.

Bill No. 213, for the relief of Doris Shapiro Kolman.—Mr. Maybank.

Bill No. 214, for the relief of Mary Margaret Rider Brown.—Mr. Maybank.

Bill No. 215, for the relief of Fennie Nettie Adelstein Waldman.—Mr. Maybank.

Bill No. 216, for the relief of Gustave Lucien Verhelle.—Mr. Maybank.

Bill No. 217, for the relief of Ruby Campbell Matts.—Mr. Maybank.

Bill No. 218, for the relief of Dorothy Kathleen Morrison Germain.—Mr. Maybank.

Bill No. 219, for the relief of Sophie Radwolsky Closner.—Mr. Maybank.

Bill No. 220, for the relief of Muriel Emma Wood Durrell.—Mr. Maybank.

Bill No. 221, for the relief of William John Carmichael.—Mr. Maybank.

Bill No. 222, for the relief of Guido Verdoni.—Mr. Maybank.

Bill No. 223, for the relief of Ronald John Park.—Mr. Maybank.

Bill No. 224, for the relief of Gloria Avon Roland.—Mr. Maybank.

Bill No. 225, for the relief of Gilberto (Albert) Belmonte.—Mr. Maybank.

Bill No. 226, for the relief of Mildred Lillian Flude.—Mr. Smith (York North).

Bill No. 227, for the relief of Pauline Joan Hyde Murphy.—Mr. Maybank.

Bill No. 228, for the relief of Alsye Mae Lissemore Lawrence.—Mr. Maybank.

Bill No. 229, for the relief of Jessie Leonard Simpson Clunie.—Mr. Maybank.

Bill No. 230, for the relief of Fern Catherine Kerr Ekins.—Mr. Maybank.

Bill No. 231, for the relief of Lilly Elizabeth Ingborg Lindfors Crowhurst.—Mr. Maybank.

Bill No. 232, for the relief of Romeo Richard.—Mr. Maybank.

[Mr. Pouliot.]

Bill No. 233, for the relief of Charles Augustus Dolling.—Mr. Maybank.

Bill No. 234, for the relief of Charles Frederick McDowall.—Mr. Maybank.

Bill No. 235, for the relief of Woolf (Robert) Cook.—Mr. Maybank.

Bill No. 236, for the relief of Adele Brown Kerkofsky.—Mr. Maybank.

Bill No. 237, for the relief of Ellen Heathcote Taschereau.—Mr. Maybank.

Bill No. 238, for the relief of Molly Marcovitch Schwartz.—Mr. Maybank.

Bill No. 239, for the relief of Betty Gertrude Bernstein Schreiber.—Mr. Maybank.

Bill No. 242, for the relief of Margaret Joan Anstey Steven Hyslop.—Mr. Maybank.

Bill No. 243, for the relief of Elly Zahn Kaminsky.—Mr. Maybank.

Bill No. 244, for the relief of Naomi Joan Williamson Cantlie.—Mr. Maybank.

Bill No. 245, for the relief of Matilda Jane Cumming.—Mr. Maybank.

Bill No. 246, for the relief of Agnes Dowd Brown.—Mr. Maybank.

Bill No. 247, for the relief of Ursula Catherine Tetreau Black.—Mr. Maybank.

Bill No. 248, for the relief of Eleanor Edith McKechnie Martineau.—Mr. Maybank.

Bill No. 249, for the relief of Jack Wallis.—Mr. Maybank.

Bill No. 250, for the relief of Evelyn Margaret Morrison Cryer.—Mr. Maybank.

Bill No. 251, for the relief of Frances Eileen Scribner Mackay.—Mr. Maybank.

Bill No. 252, for the relief of Irene Laflamme Kattas.—Mr. Maybank.

OTTAWA ELECTRIC RAILWAY COMPANY

Mr. W. M. BENIDICKSON (Kenora-Rainy River) moved the second reading of Bill No. 241, respecting the Ottawa Electric Railway Company.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

INCOME WAR TAX ACT

PROVISION TO MAKE INFORMATION AVAILABLE TO SENATE AND COMMONS

Mr. STANLEY KNOWLES (Winnipeg North Centre) moved the second reading of Bill No. 15, to amend the Income War Tax Act.

He said: Mr. Speaker, my remarks on this bill will be brief. Subsection 1 of section 81 of the Income War Tax Act, reads as follows:

No person employed in the service of His Majesty shall communicate or allow to be communicated to any person not legally entitled

thereto, any information obtained under the provisions of this act, or allow any such person to inspect or have access to any written statement furnished under the provisions of this act.

This is the section which has frequently been referred to in this house, particularly by successive ministers of national revenue, when replying to questions that hon. members have asked or have placed upon the order paper seeking information with respect to income tax returns. I have in mind in particular advertising by large corporations, about which some of us have inquired as to whether or not it was allowable as an expense for income tax purposes, and other questions of a similar nature.

In order to get around this iron curtain of secrecy, it seems to me that there should be a provision to make it possible for hon. members to ask questions and to get answers from the minister concerned, and for that reason I am suggesting the addition of certain words to the subsection which I have just read. In fact that is what this bill does. It simply adds these words:

Provided that nothing in this subsection shall operate to prevent a minister of the crown from communicating to the Senate or to the House of Commons any information obtained under the provisions of this act.

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, if my memory serves me correctly, a similar bill was introduced by my hon. friend last year. My remarks like his will be brief. I feel that I shall have to oppose the bill because I do not think the amendment he suggests is in the public interest. I had not expected that this bill would come up this evening and the objections which I have to the amendment I would want to elaborate at some length. Perhaps my hon. friend and the house would have no objections, therefore, if I were now allowed to move the adjournment of the debate. I so move.

On motion of Mr. Abbott the debate was adjourned.

AERONAUTICS ACT

PROVISION FOR SEPARATION OF AIR LINES FROM RAILWAY OWNERSHIP

Mr. STANLEY KNOWLES (Winnipeg North Centre) moved the second reading of Bill No. 21, to amend the Aeronautics Act.

He said: Mr. Speaker, the purpose of this bill is to help the government carry out its own policy.

Some hon. MEMBERS: Hear, hear.

Some hon. MEMBERS: Oh, oh.

Mr. KNOWLES: I am glad to notice that my helpfulness is so deeply appreciated on the opposite side.

Mr. HOMUTH: It is noted for the first time.

Mr. GRAYDON: Look a gift horse in the mouth, gentlemen.

Mr. KNOWLES: Back in 1944 the present Minister of Reconstruction and Supply (Mr. Howe), then minister of munitions and supply, announced the government's intention with respect to a civil aviation policy with particular reference to the post-war period. One of the cardinal features of that policy was contained in these words which I quote from the speech which the minister made in this house on March 17, 1944:

Steps will be taken to require our railways to divest themselves of ownership of air lines, to the end that, within a period of one year from the ending of the European war, transport by air will be entirely separate from surface transportation.

That statement of policy was later incorporated into law by chapter 28 of the statutes of 1944-45, by adding a clause 14 to the Aeronautics Act. That clause provided that all licences then in effect under part 3 of the Transport Act, 1938, or under part 7 of the air regulations, 1938, should cease to be valid "one year after the termination, as fixed by order in council, of the war in Europe—"

Mr. SPEAKER: I must inform the hon. member that on the second reading he must not refer to the clauses of the bill.

Mr. KNOWLES: I am not referring to the clauses of my bill, Mr. Speaker. I am discussing the principle of the bill, and I am reading from a clause of the statutes of Canada. The words I was just now reading appear in the statute, not in my bill; in fact, they are the very words I seek to have altered. That is the whole purpose of my bill. I will finish reading the clause: "shall cease to be valid one year after the termination, as fixed by order in council, of the war in Europe which commenced on the tenth day of September, one thousand nine hundred and thirty-nine".

There was another clause in that same statute of 1944—the act was passed in July of that year—which provided that, from the coming into force of that act, licences to operate commercial air services could not be issued to any company that provided transportation by means other than by air. That was clause 12 (2). In other words, the government's policy was put into statutory form by the bill that we passed in the session of 1944. Some of us waited for some considerable time after that for that policy to come into effect, and finally

in August, 1946, I questioned the minister about the matter and asked when it was going to be put into effect and was told by him that the policy had been changed. When I first asked about it I was told about an order in council that did not exist, but we have been over all that ground before and I shall not cover it again. I want to read this one passage from what the minister said in this house on August 17, 1944:

Mr. Howe: I said that the date of applying the policy had been advanced one year by the government; and I was giving my own opinions, as minister responsible for the services, that the policy announced on that date was not the policy which would give best service to the public in the area. That is my own opinion. The government policy has not been changed, and will not be changed, naturally, until the act is changed. The House of Commons must approve any change of policy, because this house passed the act which established the earlier government policy.

My contention, Mr. Speaker, is this, that the house put into statute form the policy which the government had announced in March, 1944. That policy called for divesting of the ownership of air lines from railways within one year after the end of the war in Europe. That was the clear understanding of the minister himself, as he so stated. It is down in black-and-white in *Hansard* that that meant one year after May 8, 1945. Subsequently, it has been contended by the government that legally, for the purposes of this act, the war is not yet over in Europe and will not be over until an order in council has been passed fixing the date. That, in other words, puts off as a movable feast the time when this policy is to be brought into effect.

The purpose of the bill the second reading of which I now move is to bring some finality into this matter and make it clear whether this policy is to be put into effect or, if not, whether it is to be changed in the proper way, by an amendment to the Aeronautics Act. Hence the only change that Bill No. 21 makes is to take out those words to which I have referred as a movable feast and put in a definite date, namely, December 31, 1947. The effect of inserting that date in clause 14 would be to make that the final date upon which the government's policy announced in March, 1944, shall be brought into effect.

I contend that this whole question of our air services, particularly in relation to the development of the great new frontier in the northern part of this country, is an extremely important one. I contend that what is involved in it is not just a matter of the relations between private air lines and the publicly-owned system, but there is involved the whole question of whether we are to develop our northland in an integrated and responsible way. For that reason I feel that we should move on to some clear-cut position with respect to our civil aviation policy. It is for that reason I present this bill to the house. If it passes it will take us out of the present position which leaves the implementing of the government's policy as a movable feast changing from year to year, and inserts instead a definite date for its achievement.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): My hon. friend opened his remarks by saying that he was trying to help the government. Perhaps I can be equally kind to him and say that the government has no particular objection to this bill. The purpose that the bill attempts to achieve has already been accomplished. All the fifty-three licences granted under the Aeronautics Act of 1938 have in fact been cancelled and reissued.

Mr. KNOWLES: Oh, oh.

Mr. HOWE: Some two or three weeks ago I tabled in this house a voluminous report of the air transport board made after a study and examination at public hearings of all the fifty-three routes. I also tabled the order in council approving the reissuing of licences for several of the routes, and the air transport board has from time to time issued licences for routes not covered by the first mentioned order in council.

The board of transport commissioners was formed in 1944. Its purposes were set out at that time. It was to act not only as a judicial body to adjudicate on disputes in the field of aviation, but also as an advisory body to assist the minister in determining aviation policy. Pursuant to its second function, it made an exhaustive study of all existing air routes in Canada. Hearings were held in all the principal cities, and the facts bearing on all the licences then outstanding were reviewed. The net result was that the board recommended that routes be divided into two classifications. The first classification includes routes that require extensive equipment and expensive aids to navigation, demand accurately scheduled services and, in short, require a long pocket-book for their operation. The routes so designated were the following:

In the province of Quebec, a route from Montreal to Quebec city, Chicoutimi, Forestville, Mont Joli, Baie Comeau and Seven islands, with a possible extension to Port Menier on Anticosti island.

In northwestern Ontario and Manitoba, from Winnipeg to Red Lake, Ontario, Kenora, Sioux Lookout and Pickle lake.

In northern Manitoba and northeast Saskatchewan, between Winnipeg, Dauphin, Le Pas and Flin Flon, in coordination with and using the same kind of equipment as required for the route in northwestern Ontario.

In Saskatchewan, from Regina, connecting Moose Jaw, Saskatoon, Prince Albert and North Battleford.

In Alberta and the Northwest Territories, from Edmonton to Fort McMurray, Fort Smith and Yellowknife, and to provide a direct air service to Vancouver from the Northwest Territories; a route from Yellowknife to Prince George, British Columbia, via Hay river, Vermilion, Peace river and Grande Prairie, Alberta; and third, to connect with the Yukon and Alaska, a route from Edmonton via Grande Prairie, to Fort St. John on the northwest staging route.

In British Columbia and the Yukon, from Vancouver, up through the centre of the province, to Prince George and Fort St. John, and thence up the northwest staging route to Fort Nelson, Watson lake, British Columbia, Whitehorse, Mayo and Dawson City, Yukon Territory.

On the coast of British Columbia, from Vancouver, connecting to Nanaimo and Port Hardy on Vancouver island, Sandpit on the Queen Charlotte islands, and Prince Rupert on the mainland.

Mr. KNOWLES: Would the minister permit one question about these routes?

Mr. HOWE: Yes.

Mr. KNOWLES: In view of section 12 (2), which says that the board cannot issue these licences to railway companies unless the governor in council is of the opinion that it is in the interest of Canada, has that opinion been expressed in all these cases?

Mr. HOWE: I was just coming to that. After a very careful canvass of the situation, the conclusion has been reached that the services along the routes which I have just mentioned should continue to be furnished by Canadian Pacific Air Lines, which is in fact, at the present time, the only available carrier that is willing and able, and can adequately serve the present and future public convenience and necessity along the routes described.

Pursuant to that finding of the board, a recommendation was placed before the governor in council and an order in council was issued confirming the finding of the board. That order in council was tabled in parliament some weeks ago. That is the action which has been taken with seven of the fifty-three routes. The other routes were of a different nature. For the most part they require to be operated on skis or on floats and demand less accurate scheduling than the routes I have mentioned. These latter routes were separated from the Canadian Pacific and have been issued to other applicants. Time does not permit me to detail a list of the operators that have been confirmed on the secondary routes; but I may say that, in general, all companies wishing to enter into the business of commercial aviation in this country have been allocated terrorities which the board believes will permit earnings sufficient to maintain their operation and return a profit. In proof of this, I may say that, generally speaking, commercial air lines other than the T.C.A. in 1946 returned a substantial over-all profit to the operators and, I believe, gave excellent service to the persons in the territory which they served.

For the first time in Canada we have a stable aviation industry, an industry that is amply self-supporting, and one that offers opportunity to the returned man to establish himself in a profitable business.

Mr. SPEAKER: Order. I am sorry to interrupt the minister, but the hour for public and private bills having expired the house will resume the debate which was proceeding before six o'clock.

THE BUDGET

DEBATE ON ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the Chair for the house to go into committee of ways and means and the amendment thereto of Mr. Macdonnell (Muskoka-Ontario), and the amendment to the amendment of Mr. Coldwell.

Mr. H. W. TIMMINS (Parkdale): Like those who have preceded me in this debate, I should like to add a few words of commendation to the Minister of Finance (Mr. Abbott) in respect of the presentation of his budget. It was the first budget to which I have listened. It was a comprehensive budget presented with clarity and brevity—perhaps too much brevity; but it was done in excellent style. Those of us who listened to it could comprehend it as he went along. The budget was presented some time ago, in fact, on April 29 last. Perhaps the house will bear with me if I, as a newcomer, make a reflec-

tion in respect of the fact that almost a month has gone by since the budget was presented to the house. A number of hon. members have spoken since that time. Some four months of the year had gone before the budget was brought down in 1947. As a matter of fact, the minister budgeted for an expected surplus of some $190 million. Taken all in all, a great part of the year has gone by and there is not much that can be done about the matter of taxation of the people for budget purposes in 1947.

Possibly all that has been said could have been said by seven or eight members from each of the parties because, in addition to the budget which is the means by which parliament gets the taxes to run the country during the year, we have also to deal with the estimates which provide the procedure for spending the money. Since we are expected to protect the people in respect of the spending of money during 1947, and since it is in the interest of the national economy and of the reduction of the national debt that we should deal rather extensively with the estimates, the extra time taken on the budget time might well be spent in dealing with the estimates in a proper way instead of rushing them through at the end of the session.

Those of us who are newcomers here expect some leadership from the treasury benches in stream-lining the work of the house so that it may be got through in proper time. After all, the people do not expect us to be professional politicians. They do not expect us to come here to make our living as members of parliament. They expect us to be responsible businessmen and citizens apart from our duties here. If I might make the suggestion, it was rather late in the session for the Prime Minister (Mr. Mackenzie King) to bring down the legislative agenda which is yet to come before the house, as he presented it to us on Wednesday last. Perhaps I am the only one in the house who does not know it, but I should like to know whether there is not in the house some steering committee that could steer the legislation through the house in order that we might expedite matters and make some progress.

To get back to the budget of 1947; I should like to take a quick look at that budget and consider some features of it. As I say, it was presented with clarity. It appeared obvious, from the minister's remarks, that we had a surplus of $362 million in 1946. When we looked into it more carefully, however, we found that there was no surplus at all, that there had been a special sale of war assets and other moneys had been received, so that $372 million had been acquired. As a matter of fact, taken by and large, there was not a surplus at all, but a deficit of $10 million. There is no use wasting time in talking about a matter that is past, but the fact is that the people of Canada came to think there was a surplus, whereas in reality there was not a surplus in 1946.

I had the temerity to read the budget speech of the former minister of finance in 1946, and one of the things that impressed me in that comprehensive budget speech was that he emphasized the dire results that would ensue if there was failure to implement the agreements between the dominion and the provinces. He emphasized the unfortunate position that industry would be put in. The then minister of finance made considerable reductions in connection with the excess war profits tax. He seemed to understand the impact of that tax in peace time and I believe he was acquiring a peace-time complex, which the present budget does not indicate.

Among other things, the present Minister of Finance touched upon the importance of dominion-provincial relations. He said, as reported at page 2547 of *Hansard:*

> The modified formulae for determining the amount of the annual payments to be made to the various provinces were the product of a most intensive study.

Further on, he said:

> Nevertheless, we do not ask any province to accept a tax agreement unless it believes such agreement to be in its own interest as well as that of the country as a whole.

That may be the feeling of the Minister of Finance, but I do not think it is the feeling of the country. I believe the country intends that there shall be leadership in this matter, which goes to the very root of unity. It is the most important matter that has been before the house last year and this year. I do not care what party one belongs to, we have to deal with the question, and it is not enough for the minister to say that a province can in its turn come in, or, if it does not wish to come in, the question will be left to it, in its best interest and in its decision, whether to stay out. That is not the point at all. We all know deep down in our souls that all provinces in the course of time have to come in and work with the dominion in respect of these agreements if we are to have a proper economic system in Canada which will work not only this year but in the years to come, and if we are to have the kind of social security the people demand. I leave that thought with the minister and he will hear from others besides myself. This conference has to be called, and it is only a question of time.

The minister says, as reported at page 2560 of *Hansard,* that he forecasts revenues of $2,450 million and expenditures of $2,100 million. My comment on that is that we are not getting very far away from the war-time budgets when we get a budget giving us this figure of $2,450 million.

Mr. ABBOTT: My hon. friend realizes that is before the reductions in taxes which I proposed.

Mr. TIMMINS: I appreciate what the minister says in that regard.

Mr. ABBOTT: That is at existing tax rates.

Mr. TIMMINS: I quite agree, but I say that we are too close to war-time budgets because, after all, the government says we are to have some social security measures and I presume we shall in the course of time. There is only one class of people who will have to pay for that social security, and that is the same old taxpayers who are carrying the load now. Therefore the sooner we get back to a peace-time budget and back to taxation that the people can pay, the better for all concerned.

The minister also announced in his budget an average rate of reduction of about twenty-nine per cent in 1947. Perhaps I am wrong; perhaps he did not say twenty-nine per cent in 1947. At any rate, he must have been reading "Alice In Wonderland", because the reductions in taxation do not start until the 1st of July, 1947. They are only for half a year, so that the average reduction to which he refers, in the year 1947, comes to only about 14½ per cent. You must call a spade a spade because that is the size of the reduction.

Further, the reduction of income taxation in 1948 is only a forecast. It is subject to a good many exigencies, some of which the minister has more or less indicated. There may be an unfortunate trade balance with the United States which may not allow the government to bring in the reductions.

Mr. ABBOTT: That will not increase the income tax. This will be the law in 1948 unless parliament changes it.

Mr. TIMMINS: This is only a forecast on the part of the minister.

Mr. ABBOTT: No. It becomes the law once this budget is adopted.

Mr. HOMUTH: It would not be the first time this government has changed its mind.

Mr. TIMMINS: I take the words of the minister himself that many other elements enter into the income tax for 1948, and I take it that those are factors which will influence the government on the question whether or not we shall have these reductions in 1948.

Mr. ABBOTT: It is made perfectly clear in the budget speech that the tax reductions apply to 1948 and the latter half of 1947, and the only uncertain element in 1948 would be what the taxes would yield or what our expenditures might be. There is no question about the reduction.

Mr. TIMMINS: I am not debating the question with the minister. I say there may be exigencies which may prevent the minister from getting the taxation he finds necessary in order to carry on for the coming year.

Mr. ABBOTT: To get the revenue; not the taxation.

Mr. TIMMINS: In the speech from the throne we read these words:

> Once suitable financial relationships have been arrived at with the provinces, my ministers have undertaken to seek, in a general conference or otherwise—

And I emphasize those words "or otherwise".

> —to work out satisfactory arrangements with the provinces in regard to public investment and social security measures.

The idea seems to have gone out that, once these tax agreements are entered into with the various provinces, as a matter of course social security measures are tied up with them, and that if some of the provinces hold out, social security is not going to come to the Dominion of Canada. Well, I have a clipping from the Ottawa *Journal* of April 23, 1947, containing the report of an address at Hawkesbury by the Minister of National Health and Welfare (Mr. Martin), in which he said:

> "Hawkesbury as a thriving industrial centre," said Mr. Martin, "has a vital interest in the social security plans of the Liberal government. If they are carried out as we hope they will be, these plans will bring to the families of this community a greater degree of security and a greater chance of happiness and well-being than they have ever had before."

From that speech one would think that the Liberal government had a social security plan which would be brought in, and that it was just around the corner.

I should like to take a few minutes of the time of the house to refer to some things that have been said by the various provincial premiers with respect to this matter of social security and these agreements. In the first place, the minister himself made it clear, when he spoke to the board of trade in Toronto some months ago, that the dominion government alone could not possibly assume

the responsibilities which are involved in the social security and public investment proposals unless it had these great fields of income and corporation taxes and, further, that there would be further responsibility upon the various provinces in respect of the raising of funds for these particular services. Then on Monday, May 12, we had the pronouncement that the province of Nova Scotia was preparing to sign an agreement; but it was made clear that the premier of that province was approving that agreement on the basis of expediency. He pointed out in no uncertain terms that there were a great number of problems still to be dealt with. For instance, this report states:

Although Nova Scotia was taking steps to enter an agreement, Premier Macdonald saw many contingent difficulties and criticized federal authorities for approaching the problem in a manner which, in many respects, had been "unwise and unsound."

"I say that the idea of separate bargains with the provinces is wrong, and that great matters of this kind should be settled at a general conference between the dominion and all the provinces."

"The proposals of the dominion government in their latest form leave much to be desired and the methods followed by the dominion government leave even still more to be desired."

That is what the Premier of Nova Scotia had to say. Previously, on February 7 of this year, the same gentleman is reported as follows:

Premier Macdonald said his government's non-acceptance of the offer was "a matter of principle." He said Nova Scotia had two major objections, the first being Ottawa's insistence on retaining minor tax fields such as amusements and pari-mutuels. "You might as well do away with provincial governments if you leave them no power to levy taxes."

On a previous occasion the Premier of Nova Scotia said:

If the process of the dominion invading provincial tax fields were allowed to go on, "what is the end to be?" he asked. Can anyone deny that, if most of the revenues which the provinces are to enjoy are to be paid to them by the dominion, the time may not come—indeed, is it not likely that the time is sure to come—when the dominion will begin to say what use the provinces shall make of these revenues? When that day comes there will be an end to provincial autonomy.

Then this is what the Premier of Alberta had to say. I grant you that these tax agreements have now been signed, but the fundamental principle, the fact that in order for us to have unity in Canada we must have an economic system that will work this year and in the years to come, still has to be dealt with. The point I am trying to make is that it can be dealt with only by the parties concerned sitting around the conference table with the dominion, working all together in the interests of the dominion in order to bring about economic and social security agreements which will be for the benefit of the whole country. Of course the province of Alberta has already consented to sign an agreement, but this is what Premier Manning had to say:

The government desires to make it abundantly clear that such an agreement is in no sense a solution to the problem of dominion-provincial relations.

The proposed agreements do nothing more than provide for a redistribution of certain tax revenues under a formula which is neither scientific nor related in any way to the actual financial needs of the respective provinces. . . .

It leaves unsettled the whole question of constitutional reforms which are necessary in the light of modern circumstances, and does nothing to clarify the ambiguity that exists as to the lines of demarcation between dominion and provincial jurisdiction and responsibility.

Further, Premier Manning continued:

. . . before the problem of dominion-provincial relations can be satisfactorily solved, agreement must be reached between the dominion and all of the provinces on a basis which is voluntarily acceptable and on terms which all parties to the agreement regard as reasonable and proper.

Any formula which fails to produce this broad measure of voluntary agreement falls short of that which is required to underwrite the stability of our national economy, irrespective of what temporary financial gains accrue to individual provinces.

I do not believe the matter could be better stated than in the words of the Premier of Alberta.

Then we in the house remember that on March 17 last the leader of the opposition (Mr. Bracken) asked the Prime Minister (Mr. Mackenzie King) when we might expect the conference to be convened. Referring to the correspondence with the premiers of the provinces, which he said contained several communications relating to the circumstances under which the conference should be reconvened, the Prime Minister replied:

The conditions set forth there have in the mind of the government not as yet been fulfilled. I am therefore not in a position to say at the moment when the conference will be reassembled.

I do not know what the mind of the government is, or whether or not it is going to change its mind. The people of Canada, no matter what their political proclivities may be, no matter to what political party they may belong, believe that there is a duty and responsibility upon the government and the treasury benches to call that conference, and to call it as quickly as possible, in order that these problems may be solved.

The first meeting of the dominion-provincial conference took place in August, 1945. The

last meeting was on May 3, 1946, when the conference adjourned sine die upon motion of the then minister of finance. Mr. Macdonald, the Premier of Nova Scotia, was one of the most forceful among the premiers in stating that the dominion-provincial conference should be called again, as he put it, as a matter of principle and equity.

If I may refer to the correspondence on dominion-provincial relations tabled in the house, and particularly to page 30 thereof, one finds that the Premier of Nova Scotia is writing the Prime Minister under date of December 5, 1946, and, among other things, states:

> The government of Nova Scotia emphasizes its strong conviction that a general conference between representatives of the dominion and all of the provinces is the only proper forum for discussion of matters so grave and so important as this.

The fact of the matter is that it has been suggested that social security plans are tied up with the signing of these agreements. I am sorry the Minister of National Health and Welfare (Mr. Martin) is not in his seat at the moment, because I did wish to say that, so far as I can find, there are no social security plans under way at the present time. The government has no social security plans to bring down, and we are left entirely in the dark.

Last week the hon. member for Mackenzie (Mr. Nicholson) asked some questions of the Department of National Health and Welfare, one of which was as follows:

> What expenditures have been incurred annually by the dominion government since March, 1943, in connection with planning and organizing a national health programme?

That is one of the things about which there has been a good deal of talk, and many speeches, throughout the length and breadth of the country. The answer to that question is as follows:

1943-44	$ 837.42
1944-45	1,958.03
1945-46	394.44
1946-47	478.21

We are getting pretty close to home. But, as a matter of fact, $478.21 in 1946-47 for planning for national health services and national health insurance does not give us much hope that there is anything around the corner in respect of national health. So I am saying to the government and to the Minister of National Health and Welfare: let them take the house into their confidence in respect of this matter of national health insurance that we hear so much about.

In fairness, I should place on record the remainder of the answer that was given. I read again from the return filed:

> The above does not indicate the amount of careful study and thought which has been given to this subject by many officers of the department.

Well, we have all been giving it study and thought.

> Their salaries are not included in the above figures, as it is impossible to estimate the proportion of their time devoted to this work. A full-time officer is now giving his attention to studies in this field.

He must have just started, because his salary is not reflected in 1944; indeed it is not reflected in the last four years:

> And the entire research division of the department concerned, consisting of approximately ten persons is at his disposal.

The fact is that if the government started a health insurance plan tomorrow they probably could not bring it into being—so I am told—in a matter of some five years or more. We have not the hospitals. We have not the hospital beds in any of the provinces to take care of any health insurance plan.

Only the other day the hon. member for Fort William (Mr. McIvor) was despairing of the hospital facilities in his constituency. So it is in Ontario, as I know of my own knowledge, and so it is throughout the Dominion of Canada.

The only real progress that has been made in respect of preparing for hospitalization has been in Ontario, where the premier has offered $1,000 per bed to any hospital in respect of any beds which may be made available from now on in hospitals, thus leading the way for health insurance, or whatever health measures may develop in the years to come.

In the United States they are dealing with this problem more effectively. We read that within the last week Mr. Truman brought down his policy in respect of health insurance, and the first thing he did was to have congress vote a sum of $3 million to prepare plans for hospitalization facilities to be made available. In addition to that, he has asked congress to vote another $75 million to prepare institutions to work along with the plan.

We have nothing of that sort in Canada. I know of nothing planned up to this time in respect of health insurance. So it hardly lies in the mouth of the government to say that, as soon as these tax agreements are settled, they are going to deal with matters of social security. The people think it is right around the corner. I am saying just as loudly as I can that I cannot see it just around the corner; and I do not believe the people of Canada can, either.

As a matter of fact, the Ontario Medical Association seem to have stolen the ball in respect of this matter of health insurance.

Last week they met and prepared plans for bringing in a plan for Ontario which, in the long run, will be the forerunner of whatever health insurance plan may later develop in Canada. They got started a week ago, and the best brains among the medical men of Ontario are going to bring in a plan which they feel will be workable. As I have said, they seem to have stolen the ball in respect of planning for health insurance.

We had expected that something would have been done in the budget in connection with relieving indirect taxation. From time to time during the debate a good deal has been said on this subject. People may have forgotten that we have such things as amusement taxes, telegram taxes, telephone taxes, taxes on railway tickets, a sales tax, a luxury tax on jewellery and a tax on toilet articles. On Monday last the Minister of Agriculture (Mr. Gardiner) said in the house that the budget provides as far as posible for indirect taxation only on articles that are not necessities. There are taxes on tooth paste and shaving cream, and I think we have long since come to the conclusion that these articles are not luxuries. Yet we have been paying a high luxury tax on them.

It is my opinion that a start should be made toward reducing these taxes. If it is ever going to be made, this is the time to do it when national production is up and when money is freer than it has ever been in my lifetime. This is the time to start to reduce some of these indirect taxes. It has been said in another place that the budget is a hodge-podge of levies, unrelated to levels or any discernible economic theory, as the Minister of Finance has demonstrated by failing to do anything about it.

In an effort to find out how these various taxes came into effect, who was paying them, how much they were paying and so on, I made it my business to try to find out how much the married women of Canada were paying in taxes. We have heard a lot about the married women in business paying taxes, and there should be some relief for them, having regard to production. I inquired of the Department of National Revenue as to what taxes had been paid by married women in 1946, but they were not able to give me an answer. Then I made the same inquiry in respect of 1945 and I could not get an answer. Then I asked this question:

How many married women in the Ottawa taxation area paid income tax in 1945 in respect to salaries alone (as contrasted from those who paid income tax on investments), and what was the aggregate of the income tax so paid?

[Mr. Timmins.]

Here is the answer I received.

Statistics have not been assembled in a form to answer this question definitely either for the Ottawa district or the country as a whole but, as indicated in a reply to a previous question, arrangements have been made to gather such statistics in the future. However, as a partial reply, the department estimates that there were approximately 110,000 married female taxpayers in all Canada in the year 1946. Their salary or wage income is estimated at $148,000,000 and the tax payable on this income in 1946 is estimated at $18,500,000.

I made it my business to follow that up in order to find out upon what basis this return had been given. I found that there were no records with respect to this matter. I found out that there are no statistics in Canada from which to give me that answer. The fact of the matter is that statistics have not been kept, and the minister who taxes the women of Canada has really no concrete material before him when he places that tax upon the married women. Speaking for myself and with some knowledge of business, I think it has been a mistake that the tax was not ameliorated with respect to married women.

As we know, a woman in business has an exemption of $750 and her husband has an exemption of $1,500. If the married woman earns more than $250, as between $250 and $750 the difference is deducted from the husband's exemption. If she makes as much as $750, the exemption of her husband is reduced to $750. We all know that the married women in business are doing their share. Probably your stenographer in the parliament buildings is a married woman. I know that my stenographer in my business is a married woman. There are nurses, teachers and stenographers who are carrying on their work in the Dominion of Canada, and it seems to me that some start should have been made in 1947 with respect to relief in the interests of production in Canada, which, after all, is one of the problems that we have to face. We must keep up production in order to maintain the supply of goods, and in order that in the course of time the price of goods may be reduced and that we may be able to get back to the economy of normal times. I think we might have had some leadership in respect of that, particularly since the minister has told us in his budget that he is budgeting for a surplus, I think he said of an estimated $190 million. He tells us that that is to take care of the agreements with the provinces.

Mr. ABBOTT: And to take care of debt reduction too.

Mr. TIMMINS: And to take care of debt reduction too. It is perfectly obvious that in 1947, having regard to the start that has so far been made, there will be no dominion-provincial conference called. Since the provinces which have not signed agreements have balanced their budgets for 1947, I presume that the minister could almost put out his hand and find this surplus which he is to have for the year 1947. As a matter of fact, it may not be too late yet to take action with respect to some of the things that people have been clamouring for—after all, we are only the representatives of the people—things like soft drinks for the kiddies. Perhaps the tax on soft drinks could be relieved with the surplus the minister will have in his hands by the end of the year.

I obtained a return from the Minister of National Revenue (Mr. McCann) with respect to taxes on soft drinks in 1946, which states that something like $17 million was secured. There was a tax of one cent a bottle and an additional tax of twenty-five per cent. I think the minister, with a surplus in his hands or with a surplus staring him in the face, could have done something about that, as well as the tax on chocolate bars. In the same way, something might have been done to relieve taxation upon married women.

I should like to turn for a moment to housing. When the Minister of National Health and Welfare was speaking in Hawkesbury on April 23, he had something to say about housing, and I quote:

> Under the National Housing Act we have provided more than $400,000,000 to assist Canadians in building homes. It is expected that 80,000 new homes will be completed by the end of this year.

Mr. DEPUTY SPEAKER: I must remind the hon. member that his time has expired.

Mr. TIMMINS: Might I have just a moment?

An hon. MEMBER: Time.

Mr. DEPUTY SPEAKER: With the unanimous consent of the house.

Mr. TIMMINS: During the last few weeks I asked the Minister of Reconstruction and Supply (Mr. Howe) for a statement as to what survey was being made by his department in connection with housing, and he advised that a survey was going on all the time. The minister must know of the critical situation which has developed in Canada at this time in connection with housing. I should like to point out to the minister that home building this year shows an increase of only 8·8 per cent over last year, whereas industrial building shows an increase of 116 per cent. I think his survey should show him that, as a matter of fact, we are going behind in house building in 1947. We are not going to have as many houses as we had in 1946. This is a national problem. A crisis in respect of housing has developed and is with us now, and I am asking the minister, what does the government propose to do about it?

Mr. T. V. GRANT (Kings, P.E.I.): Mr. Speaker, in the few minutes at my disposal I can refer only briefly to what has been said by the last few speakers. The hon. member who has just taken his seat (Mr. Timmins) seems to have become converted to a policy of social legislation, because he devoted from half to three-quarters of his time to social legislation and said that the government was very slow in bringing it down. In that respect he was somewhat different from the hon. member who preceded him, who said that the family allowance was a brazen bribe to the people of Canada.

The hon. member for Red Deer (Mr. Shaw), in speaking this evening, spent a good deal of his time in talking about the maritime provinces. That is an old political trick, getting away from one's own part of the country and going to the other end to talk about unemployment there, when there is none perhaps in his own part of the country.

I listened to the Tory member from Queens (Mr. McLure). I could not catch all he said today, but I read in yesterday's *Hansard* how he began his speech last night. He referred to Marc Antony. I am not going to read to the house what he said. I would not want to repeat it because I am afraid we are getting on our hands in this house a case of senile perversion. Old fools are the worst fools.

He said that he was speaking for the province of Prince Edward Island. I want to remind the house that the hon. member was speaking for the Tories of Prince Edward Island, the minority and a very small minority of the people of Prince Edward Island. The hon. member also said that he hoped there would be a by-election in Prince Edward Island. I would remind him that if there is a by-election there it will not be a dual one like the last one he ran in, and he will not be able again to hold on to the coat-tail of another member to get into this house. That is how he got in at the last election, and he cannot deny that. His speech today bears out what appears in his biography in the Parliamentary Guide, which says that he was at one

time a commercial ambassador. Well, all I have to say is that he made a commercial speech today.

I did think he was not fair in speaking about the fur business, because he gave the government no credit for saving the fur situation in Prince Edward Island this year. The government this year gave the fur men in Prince Edward Island a guaranteed price equal to the average price over the last three years, and saved the fur business of Prince Edward Island. My hon. friend and a few other men like him put the fur business on the rough in Prince Edward Island. As he was speaking, I was just thinking that the Tories must have had a bet among themselves as to who could make the most ridiculous speech and, after listening to the hon. member for Queens, I would say that he won the bet.

When a doctor is called out to see a patient he keeps an open mind until he arrives at the bedside. That was the state of mind I tried to maintain the night the budget was presented to the house. My diagnosis of the loyal opposition, in their reaction to the budget, is one of shock, shock from bitter disappointment, shock from shattered hopes. I noticed that one or two of them, notably the hon. member for Lanark (Mr. Blair), who is of my own profession, seemed to retain their normal demeanour in the house on that occasion, and I decided that I would leave the treatment of his colleagues to him. I think he has made a very good job of it. Of course time is a great healer, and I notice that some of our hon. friends opposite have been coming back to life in the last few days.

I should like in that connection to rededicate a few lines to the hon. member for Lanark:

> He listens earnestly to tales of grief,
> Forgets himself, that he may give relief
> To bodies suffering, or tortured minds,
> In service to all men, his pleasure finds.

I have thought from the first, Mr. Speaker, that this budget did not need any defence. I suppose that some hon. members on this side of the house rose to speak on the budget in order to make their first speech. I noticed that one of the most sensible Conservatives in the house, the hon. member for Davenport (Mr. MacNicol) overran his time, and he did not mention the budget at any time during his whole budget speech, which made me think that he had nothing at all to say against the budget.

This budget reduces taxation and shows a large surplus, and those are the two chief things about any budget. When we find taxation reduced and a substantial surplus we are generally satisfied that everything else is fairly good. But the hon. member for Muskoka-Ontario (Mr. Macdonnell), the financial critic of the opposition, seemed to be affected much more than the rest of his colleagues, and he made a confession to the effect that if his party were in power the people of this country would have to pay a higher rate of interest on mortgages and notes of hand and so forth which they owed to these rich people. He also said that if his party were in power there would not be any surplus, or words to that effect. That is about all that I could gather from his speech.

Every hon. member who has spoken in this debate has congratulated the young Minister of Finance (Mr. Abbott), not only on his budget, but on the splendid manner in which he delivered it, and I wish to join with others in extending my heartiest congratulations to him. I also wish to congratulate every member of the Liberal party, back benchers and myself included, upon the way we stood behind our leader through thick and thin because we knew he was right, and so I want to congratulate the whole Liberal party as well as the Minister of Finance on that wonderful budget. I also congratulate the Liberal party on the fact that today Canada is more prosperous than ever before. That has been admitted by almost every hon. member. Canada is the third trading nation of the world today. I remember that in 1930 Canada was the fifth trading nation of the world.

Mr. STUART (Charlotte): What government was in power then?

Mr. GRANT: The Liberal party; it went out in 1930. By 1935 Canada was the eighth trading nation of the world.

Mr. STUART (Charlotte): What party was in power then?

Mr. GRANT: The Tories. The excuse they gave was that there was a world depression. That is why Canada went down to eighth trading place in the world. If Canada went to the eighth trading place some other nations took her place. They must have been prospering. Another nation took her place and she went down to eighth place, et cetera. Today, under a Liberal government, she is the third trading nation of the world. Canada is a country of something over ten million people. There are countries that have hundreds of millions of people, and yet we are the third trading nation of the world under a Liberal government.

We hear many wails from all parties on the other side of the house about prosperity. Do they ever look at the reports of the bank presidents of Canada? These reports show that, in spite of all the money people put into victory bonds to win the war, they have twice as much money in the savings bank now.

Mr. MACKENZIE: Including the C.C.F.

Mr. GRANT: Yes, including the C.C.F. They have twice as much money in the bank today as they ever had before. How does that come about in a country that some people are wailing about? Sometimes they forget and say that we are the most prosperous country in the world. Where did the money come from for the people of the country last year to buy more insurance than they ever bought in any other two years? Last year the people of Canada bought $1,777 million worth of insurance. Where do they get the money? Bennett did not send it to them. We are now told by our Tory friends, who have become socialists themselves, that we have turned socialist. If my hon. friend makes another speech like the one he just made he had better go over with the C.C.F. It was not since the C.C.F. were created in Canada that we had social legislation. We had social legislation in 1923, the Combines Investigation Act; the Old Age Pensions Act under a Liberal government in 1927; the fair wage and eight-hour day in 1928; the Farm Loan Act in 1926 and the Family Allowances Act in 1944, of course, and unemployment insurance and scores of other social legislation before our hon. friends of the C.C.F. party commenced to function.

Last year the Tory member for Queens talked about the unemployed and jobless in Prince Edward Island. I said in the house afterwards that there was no unemployment in Prince Edward Island with the exception of some returned soldiers who had recently come home and were not yet rehabilitated. Well, there was an awful noise about that in Tory circles. The leader of the opposition on the island got up in the legislature and said that I was an outlaw, or words to that effect. I had said that fishermen were banking money down there. He said, the idea of fishermen banking money; the idea of a man talking like that in Ottawa. Well, I leave it to him. That is Tory mentality.

Mr. KNOWLES: Question.

Mr. GRANT: The hon. gentleman talks enough in the house. The hon. gentleman is very proud. He knows what Pope said about pride. He said:

> Of all the causes that conspire to blind
> Man's erring judgment, and misguide the mind,
> What the weak head with strongest bias rules,
> Is pride, the never-failing vice of fools.

The *Guardian* newspaper, which was at the time I think somewhat under the influence of the Tory member for Queens, came out with an editorial, and of all the lacings a man ever got for saying that Prince Edward Island had no unemployment I got it. That was a year ago. I am going to take time to read another editorial, because my hon. friend said that Liberal papers sometimes find fault with the government. This is from the Tory *Guardian* newspaper of April 17, 1947. It was nine months after I made my speech. The heading of the article is: "Our Island Prosperity" and reads as follows:

> *Annus maribilis* well describes the past year as the prospects for the coming year. We have been free from catastrophies due to nature or man's making, and have enjoyed ideal weather, social, health and business conditions for almost eighteen months,—

That goes back a year before I said there was no unemployment.

> —and are still going strong in this respect. Mr. R. P. Hartley, superintendent of the federal maritime insurance commission, with headquarters at Moncton, reports that conditions here are the best in the maritimes, with the prospect of having to import labour to help out when the $4 million wharf contract at Borden begins at an early date. Returned men have been largely absorbed in farming and fishing and other industries, while construction work, which is exceptionally busy, is taking up any employables available.

This is the place where our hon. friends over there say there are 30,000 people unemployed. It continues:

> The farmers have benefited extensively by the deal in potatoes with the British government which will net them some $8,000,000 gross on last fall's potato crop. There are some doubts about next year's market for lobsters on account of the powers that be in Europe claiming that that delectable crustacean is more of a luxury than a necessity and its importation should be discouraged. However, at the recent fisheries conference here, taken part in by the Minister of Fisheries, Ottawa, and the Minister of Fisheries, Quebec, hope was expressed that any such embargo would be delayed for the coming year at any rate. The loss of the European market would necessitate the development of a more extensive outlet in Canada and the United States, and may entail the greater use of air express for the purpose. Which reminds us that air training and air traffic have become thriving industries in the province. One of the two new headquarters of the R.C.A.F. for the maritimes has been transferred to Summerside airport, and extensive building operations to provide homes for the officers and crews will soon be underway. Plans are also under consideration for running a new car ferry between West Point and Buctouche or alternatively between Summerside and Pont du Chene, to take care of the summer

auto traffic between here and the mainland. This will be in addition to the Borden-Tormentine car ferry and the Wood Islands-Caribou, Nova Scotia ferry which is developing a steadily increasing trade and traffic with Nova Scotia and Cape Breton; while the Clark Steamship service promises to be in greater activity than ever in the development of trade between Newfoundland and here. Altogether prospects were never brighter than at present for continuing and expanding prosperity in the garden of the gulf.

That editorial appears in one of the strongest Conservative papers ever published in Canada.

The opposition say that our people are overtaxed. Well, if they are overtaxed, why are they buying so many victory bonds; why are they depositing so much of their money in the banks, and why is it that, whereas almost everyone had to mortgage his farm while the Tory government was in power, there is hardly a mortgaged farm in Prince Edward Island today? And that improvement has come about since 1935. I know what I am talking about. I am not like the fellow who said that there were 30,000 unemployed in the maritimes, the fellow who did not know what he was talking about. We had two or three major strikes on at the time and minor ones as well, and he was adding them to the list of the unemployed, and very likely adding the school children as well.

Let me mention one nuisance tax, an old Tory tax. I refer to the sales tax. We say that our dollar is at par, but it is not at par when you consider the sales tax. You cannot go out with a dollar without somebody getting eight cents out of it in the form of sales tax, and ultimately the consumer finds that he pays twenty cents out of the dollar through that confounded nuisance Tory sales tax. I say, as a Liberal government, let us as soon as possible get rid of that Tory sales tax.

I should like to say a word about the mail couriers while I am on my feet if I have the time.

Some hon. MEMBERS: Go on.

Mr. GRANT: We have heard an uproar in this house from our Conservative friends opposite about the terrible plight of the mail couriers. They say the condition of these people is a scandal. That is what they said a short time ago, and I believe they were expecting a general election at that time, because the same thing took place in the last session before the 1930 election. At that time Mr. Guthrie of the Tory opposition went so far as to move an amendment to the Post Office Act to provide that mail couriers should be placed in the civil service of Canada, knowing that it could not easily be done. That was the last session before the 1930 election and, as I say, it was Hugh Guthrie who moved the amendment. Our hon. friends opposite made speeches then exactly the same as their successors have recently been making on the same subject, but I notice that it was the younger members who spoke. The old shell-backs who were here in 1930 did not speak. It was the younger members who put up the howl about the mail couriers, and they shed tears, just as their predecessors did in 1930. In 1930 that amendment was moved to the Post Office Act, but it was voted down. Then the election came on and every mail driver received a letter signed "R. B. Bennett", stating that if the Conservatives were put into power the mail drivers would be put in the civil service. In that letter they stated that they had moved in the house the amendment to which I have referred and that it had been voted down by the Grits.

I read that letter and I may say that it was dangerous to meet a mail driver on the road at that time. That was the time my hon. friend over there, the Tory member for Queens, was shouting on the platform, "Look at your milk cheques". Yes; I saw the letter which these mail couriers received. But what happened afterwards? As soon as the Tories got into power, the mail couriers began to ask that they be put into the civil service. The Tory government then said, "We will have to do something with those fellows", and they threw almost all the mail contracts out for tender in a body. Times were getting so hard that the people were starving and could not get a dollar. Bennett spoke then of sound money. He said, "This is sound money you are getting", but it was so sound you could not smell it. Well, these men lost their contracts or got them at a much reduced figure. I know a man who had a contract for $1,100; when it was advertised he put in a tender for $450 and got the contract again, and it remained at that figure until we raised it to $1,100 two or three years ago.

That was what the Tories did to the mail couriers, and here they have tried to start the same thing again this year, but it did not work because some of the older fellows said, "You had better drop that; the mail couriers have good memories".

Mr. FRASER: They are not getting a fair deal yet.

Mr. GRANT: You are not getting a fair deal either.

Mr. FRASER: I did not hear what the hon. member said.

Mr. GRANT: One of the best poems that Bobby Burns ever wrote was the one we all remember so well, in which he portrays the God-given gift of seeing ourselves as others see us.

About a month ago I went into Fisher's store to buy a few articles and they amounted to $3.35. The man gave me a slip and when I went to the girl at the cash register she said, "Three seventy-five please". I replied, "No, it is $3.35. Whatever may be on the slip there, it is only $3.35". She then called the man over and pointed to the figures and said, "What's that?" He replied, "That's $3.35". So she took her pencil and corrected it, changing the "7" to "3", because it was really $3.35. The man had written the $3.35, and of course he recognized his own figures. Now this woman did not know me from the man in the moon, nor did I know her, but she said to me, "That man has been here for eleven years now and no one can read his figures but himself". I said, "He would make a good member of parliament, wouldn't he?" She said, "That's all he would be any good for".

Mr. JOHNSTON: You should have become indignant and walked out.

Mr. GRANT: Almost every member who gets up on the opposite side talks about chocolate bars. Let me say this, particularly to my Tory friends. When they were in power between 1930 and 1935 you paid five cents for a chocolate bar, but you would get only one chocolate bar for a bushel of potatoes in Prince Edward Island. You would get one chocolate bar for a bushel of potatoes and three cents over. Potatoes were then eight cents a bushel. Today, with chocolate bars at eight cents each, you can get twelve chocolate bars for a bushel of potatoes in Prince Edward Island. You get ninety-six cents for a bushel of potatoes, but of course they are the best in the world.

We hear a lot of talk from our C.C.F. friends about free enterprise. I may say that the C.C.F. party are the only people who lose money in Prince Edward Island. Every time they run an election they lose $200. They are very much opposed to free enterprise, but I should like to ask my hon. friends: Where would we be tonight but for these electric lights? In the dark, I suppose. Our socialist friends condemn free enterprise, but would we have electric lights tonight in this house, or would we have a telephone system, would we have the radio and the automobile, all inventions of free men, had Henry Ford, Bell, Marconi, Edison and all such men been taken by a socialist government when they were eighteen or nineteen years of age and told to go to work for the government? Do you think they would have invented those things after working hours? Of course not.

I did not write out a big speech to read in this house. I don't like that stuff. We are Liberals; we say so, and we talk that way. We hear a great deal from the Conservative party opposite about the little man. It makes my blood run cold when I hear the Tories talk about the little man. They are the people of the big interests, the men who care no more for the little man than that one of their number who said that family allowances were a brazen bribe to the people of Canada; yet only the night before last we heard them talk about the little man. I say, beware the Greeks when they come bearing gifts.

Well, Mr. Speaker, I think I have exhausted my vocabulary and have said enough. I do not want to take any more time, because I should like to see a vote taken tonight. Therefore I shall now resume my seat.

Mr. R. J. HENDERSON (Lambton-Kent): Mr. Speaker, I think I will try to shift the scene of combat from the little island province back to my inland province of Ontario and my own constituency.

Mr. LOW: Tell us about the Grits.

Mr. HENDERSON: We certainly enjoyed the humorous and witty address of the hon. member who has just taken his seat (Mr. Grant), and I hope my remarks may be of the same high order. As a matter of fact, after the terrible flaying we poor Progressive Conservatives were given by him, I do not know whether I should proceed. In any event, in starting my remarks I wish, along with the other hon. members who have spoken, to compliment the Minister of Finance (Mr. Abbott) on his excellent presentation of the budget. I did enjoy his voice, the clear tones in which he spoke, and the good, clear, sensible, whole-hearted manner of presentation, which was indeed a revelation. That was the third time I have been privileged to listen to a budget presented in this house, and I must say that this year the presentation was par excellence.

We have been hearing some excellent addresses on the issues of the day, and if some—the last speaker excluded—have wandered from the subject matter of the budget, they were just taking advantage of the latitude allowed at this time to speak of matters of public concern as they affect their own provinces and perhaps their own constituencies. In doing so, they have rendered us an invaluable service. They have made an indelible impression upon us, and I can assure

you, sir, that we are learning to know our Canada better. It is not possible for all hon. members to travel across this fair dominion to learn about our country as we might, since home associations or business connections make travel impossible for many; but by sitting here from day to day and listening to these excellent word pictures by various hon. members from the Atlantic to the Pacific, we are able better to grasp the great possibilities and advantages of our country and to learn to appreciate it better.

Since practically every matter of vital concern has been fully discussed from time to time, I fear there is little left for me to bring before my elected colleagues and fellow members of this house; but from these addresses we learn that Canada is a very difficult country to govern, since apparently each province has its own problems which are different from those of all the other provinces. To begin with British Columbia, for instance, the oriental question is theirs, and apparently it is one of grave concern. Next we come to the province of Alberta, which seems to be in good circumstances and with few complaints other than dissatisfaction with the budget tax limitations. Then there is Saskatchewan, with their control removal spasm, exhorting this government to restore the controls already removed. Manitoba has dissatisfaction with the wheat board and a desire for a live stock board. Ontario—I do not like to mention this, but I am afraid I must—has its housing needs, and a great shortage of nails. In Quebec there is redistribution and the proper wording of petitions. New Brunswick apparently has its potato difficulties and harbour needs. Prince Edward Island as usual needs that new boat, and Nova Scotia has the question of its marshlands and the development of industry. All these matters have been ably presented by various speakers from these provinces across the dominion. On the whole, however, the picture is not so gloomy, since the better conditions seem far to outweigh the others. Nevertheless it has been a great pleasure indeed to hear hon. members extol with pride the virtues of their particular provinces or constituencies. Pride in our country leads to patriotism, and in patriotism we Canadians are certainly not lacking.

Since this is the budget debate, I consider it my duty to say a few words by way of constructive criticism, as to the way in which the budget affects my constituency of Lambton-Kent and the other constituencies bordering it in southwestern Ontario. It is true that we are very much agricultural, with mixed farming in the lead; but manufacturing does occupy an important place in our economy and has contributed its quota to our peacetime requirements as it did to our all-out war effort. Our manufacturing towns of Wallaceburg, Dresden and Petrolia, as well as our well-contained villages, all have their industrial concerns which have peacetime pursuits, and as a result we suffered no great hardship in our reconversion from war activities to peacetime production.

Our urgent urban necessities are the same as those of all other urban centres, namely more houses of low rental appraisal value, and particularly a reconsideration of rental controls, so that bona fide and needy owners may occupy their own premises, at least on compassionate grounds. One of the most contentious matters of concern to be drawn to my attention is that of the owner who has purchased a home on the solemn promise but unwritten pledge of the tenant to vacate in favour of the trustful purchaser, only to find the promise broken and the purchaser unable to occupy the home which is rightfully his, with no alternative but to wait and see. Rental controls are here for the time being, and owing to the great housing shortages and needs this is one of the few necessary controls. Nevertheless it is having its retarding influence on property transfer. Many of our aging farmers in my locality, unable to carry on the many arduous tasks so essential to successful farming, have disposed of their farms because their families have become urban conscious. They have left the old homesteads and, since efficient labour is impossible to secure, these fine old people now find the dream of their lifetime frustrated; a dream whereby they might spend their declining years in their neighbourhood towns or villages gone, as it were, with the wind. They must plan otherwise.

It is true they no doubt are encouraged from time to time with some reassuring news, and the news in particular of recent vintage wherein the Minister of Finance, in answer to a question by the hon. member for Dufferin-Simcoe (Mr. Rowe), although making no definite commitment, did assure us that the matter of rental controls, wherein they did create hardships, was under careful consideration, and an announcement of their deliberations would be made later; we trust in the very near and immediate future.

Another matter of immediate concern and one of great importance to the farmers of my region is that of competent and efficient help for our sugar beet producers. The weather and elements in this year have been decidedly against all agricultural spring sowing and planting. Owing to the lateness of the season, for oats, barley and other spring grains, a

larger acreage of sugar beets might be available if proper encouragement were only given. Sugar is still in short supply, and no doubt will continue so for some time to come.

In the Lambton-Kent area the growing of sugar beets is in keen competition with the growing of corn for husking purposes, tobacco, beans, tomatoes and other canning vegetables. But since corn, beans, tobacco and tomatoes require and do better on the lighter types of soil, sugar beets do best on the heavier well-drained clay soil, of which there are large areas available.

It is true we have two well-equipped factories, one at Chatham with a daily capacity of 2,800 tons of sugar beets, and one at Wallaceburg with a daily capacity of 2,500 tons. Our greatest difficulty has been to find an acreage sufficient to keep both plants busy. Our experience of the past, to the detriment of the trade, has been to operate these plants year about alternately. With proper encouragement we certainly could stimulate this industry to its full capacity.

It was one of the commitments of this government, when Canada, the United States and the United Kingdom entered into the combined food pact of 1942, that each country would encourage and enlarge upon the domestic production of sugar, thus reducing the necessary shipments by sea from southern islands and warm countries which formerly supplied a large percentage of our requirements, and I am informed that British production has been more consistently maintained that that of either Canada or the United States.

With the introduction of many labour-saving machines, as yet more or less in an experimental stage, and with the announcement by the Minister of Labour (Mr. Mitchell) of a definite assurance of efficient help and labour to overcome the acute labour shortage in this field of industry, I feel certain our farmers will respond favourably; and what has become a diminishing industry will again flourish and add its quota to our national economy.

I have a definite assurance that the sugar beet growers, through their well organized growers and marketing association, have secured a satisfactory contract with the Dominion Sugar Company for 1947. And this favourable cash crop in their system of crop rotation will again become one of stability, and, might I add, if our farmers were definitely assured of a fair deal by all concerned, one of great popularity.

As a warning, however, to the several government agencies and manufacturing concerns, our farmers are organizing for mutual protection as they never organized before. This has been recently evidenced by our sugar beet growers association, which has a 100 per cent organization and a 100 per cent membership of all grower-farmers concerned. To show that they are sincere and united in their demands, they recently refused, to a man, to enter into a new form of contract as offered by the company. This contract was on a fifty-fifty basis, but failed to meet with their approval. It was presented to them in the form of an ultimatum. They could sign on the company's terms by the 1st of April, or the company would close its factory. The farmers would not sign, not one of them. They stuck to their guns, and the company came to their terms. For this year, through government susbidy, and this good contract, they will receive the highest price in the history of this industry for their crop.

They have not done too badly in the past, as the following return for the 1946 crop will illustrate. In Harwick township the over-all average for sugar beets was $275.95 per acre in 1946. In Chatham township, in respect of one man with sixty-two acres, the net return amounted to $8,992.91. In Chatham the amount was $268.25 per acre, and in the Lambton area there was an over-all average of $160.50 per acre. In the area in which I reside the over-all average was not so high because of extremely warm weather in the months of August and September, the growing season. We had an over-all average of $100 per acre.

These returns and high crop yields, I would ask the house to notice, have been attained by growers who came here in the past as sugar beet working immigrants. They saved their earnings; they purchased farms of their own, and are now excellent Canadian citizens. They have attained this high degree of success by hard work, careful planning and noble and whole-hearted sacrifice on the part of themselves and of their families. Their success is an inspiration, and it clearly demonstrates what wonderful opportunities this Canada of ours offers to all those who wish to embrace them, in the field of endeavour they have chosen. It is desirable indeed that this new corps of sugar beet workers who are to be admitted this year into Canadian citizenship will measure up to the standards of those who have been admitted under similar circumstances earlier in this century, and, if such is the case, the future of this important sugar

beet industry in southwestern Ontario, and all other growing areas, will be definitely assured.

Mr. Speaker, before I conclude this brief address, and in order that I may not digress too far from the budget aspect of my observations, I wish to place on record a protest, if one may call it such, against the tax, the old Tory tax we heard so much about a while ago. Nevertheless it is one we say is discriminatory. I refer to the eight per cent sales tax on domestic electricity, and more particularly to the eight per cent sales tax as it is levied on both natural gas and manufactured gas as used in our homes for cooking, water heating, lighting and space heating.

I wish to refer more to the tax of eight per cent on our gas bills than the eight per cent tax on domestic electricity, because our hydro bills are much smaller since we use electricity in our homes for lighting and cooking, but not yet to a great extent for space heating. A brief in the form of a protest has been submitted to the Minister of Finance by the Canadian gas association and, in order that I may bring it to the attention of this house, I will now quote some of its major denunciations as outlined. The Union Gas Company, the one with which I am intimately acquainted and one which no doubt is representative of all other gas companies in Canada, has tried to give us excellent service and, we feel, a square deal. It is true that it recently had to raise its rates, justifiably, we believe, because as yet they are by no means prohibitive. It serves a great area in southwestern Ontario, including the cities of Windsor, Chatham, London and Sarnia. It has its headquarters at Chatham, and its lines serve all the towns and villages and a good many of the rural areas. It has a goodly sized number of maintenance men, and it pays good wages and expends huge sums on meters, pipes and other equipment.

Natural gas as a fuel is very popular where it is possible to acquire it. Its use is not general throughout Canada, but it is used extensively in southwestern Ontario and parts of Alberta. Compared with manufactured gas, natural gas is in a class by itself, because it has heating units of 1025 B.T.U. per cubic foot, whereas manufactured gas has only 450 to 530 B.T.U. per cubic foot. It will be seen that natural gas has heating qualities which are practically double those of manufactured gas. Natural gas in southwestern Ontario is in diminishing supply because the producing wells are slackening off. The Union Gas Company of Chatham, having expended huge sums for exploratory purposes without success, have now entered into an agreement with the Panhandle Gas Company of Texas whereby they may import 5½ billion cubic feet annually and thus assure their customers of an adequate supply for all purposes for twenty years to come.

This twenty-year assurance is something which no other concern dealing in fuel, solid or otherwise, can give, and we believe that every encouragement should be given to the natural gas industry because fuel is one of our definite requirements, regardless of the cost. This was made more definite by a recent announcement of the Minister of Reconstruction and Supply (Mr. Howe) as to the limitations in the use of fuel oil for heating requirements in the future. It demonstrates the fact that Canadians are frantic as to fuel necessities, and when this natural gas company comes forward with a definite assurance of a twenty-year supply we feel that there is due to it, not only worthy praise but definite encouragement.

Let us face the fact, which is an old slogan. In September, 1939, the Special War Revenue Act was amended whereby users of domestic electricity and gas were subjected to the eight per cent sales tax as a special war levy. That was enacted so that gas and electricity might be diverted, wherever feasible, from domestic purposes to war necessities and, as such, all users submitted cheerfully and cooperated fully. But now that the war is terminated, we feel that this tax should have been eliminated in the budget presentation. Such is not the case, and we feel, rightfully so, that it is discriminatory because other special war levies such as the war exchange tax have been repealed, as has the twenty-five per cent excise tax provided by the Special War Revenue Act. Income war tax rates, both personal and corporation, have been reduced, as have excess profits taxes, personal and corporation. This particular tax has been retained, we believe not as a special war revenue tax but for revenue purposes only.

Let us face some further facts. What are the implications behind this adherence? According to the latest submissions, there are some 720,000 residential gas consumers being served by the several gas companies across this dominion. The annual gas bill paid by this great army of residential users is some $24,000,000, and the total sales tax as levied, which is collected by the companies at no expense to the government and turned over to the public treasury, was the tidy sum of $1,915,886, or practically $2.000,000, a total of $12,000,000 in the six years of its existence. While actual figures are not available, there

is no doubt that a substantial proportion of this sales tax was levied on householders who use gas for the same purposes that others use solid fuels which are free from the sales tax.

Let me give an example of how this tax adds to the cost of living of a residential owner of a seven-roomed house in Ontario from January until December of 1946. The total gas bill would be $139.60, and the special war tax of eight per cent would amount to $11.15. This means that there is a war levy of practically $1 a month on many who can ill afford to pay it. In Manitoba, where the climate is much colder, these cold facts apply. The gas bill for a modern equipped house would amount to $284.79 and the special war tax for 1946 would amount to $22.85. This means that practically $2 a month was levied as a tax in order that these home owners might enjoy their own fireside comforts and cook their own sustaining meals. Therefore it is respectfully submitted that this tax should be removed for the following reasons: first, the sales tax on gas was imposed as a special war levy in September, 1939, and the war emergency no longer exists; second, since no sales tax is levied on solid fuels which are used in dwellings for the same purpose for which gas is used, the levying of a sales tax on gas is more or less discriminatory.

May I again exhort this government: first, to reconsider rental controls where compassionate grounds are certain; second, to encourage and foster the sugar beet industry and, third, to eliminate this discriminatory eight per cent sales tax on gas and domestic electricity since, in the face of the big surplus we have this year, it appears small, unusual and inconsistent.

Now, may I digress further, since I have a few minutes of my time still left? I should like to say a few words in connection with the Old Age Pensions Act. An amendment is to be introduced, and I must say that those eligible and in need of the same have been hopeful that something in keeping with the present-day cost of living requirements would be contained therein, but I fear they are to be disappointed. We are all agreed that the present payments with the means test applied are very small and meagre indeed. In my community, and generally throughout Ontario, the total pension is $28 a month. This is forty per cent higher than the pension of $20 a month paid during pre-war days, but the cost of living index has risen in proportion with the increase in pension, and the pensioner finds himself or herself more or less an unwanted person among his or her relations or elsewhere.

Many children of the present age are more or less negligent of their parents and shirk their responsibility. There was a time before the war when the $20 a month pension was an entry-ticket to many homes. I have known families to keep pushing these older parents around from one to the other with no welcome from any of them, but just as soon as the pension was secured they vied with each other and sometimes quarreled to see which one would get them and take them in.

But a great change has come about, either due to prosperity on the part of the children or an attitude of state-paternalism as evidenced in so many instances. Nobody seemingly is desirous of accepting parental responsibility and the demand is that the state provide fully.

In my home community I know of four homes which have provided accommodation for from fifteen to forty each of these senior citizens. They are well housed, properly fed and cleanly kept by the matrons of the homes. The charge is $26 a month, leaving the pensioner $2 a month for tobacco or other knick-knacks so dear to them. Many who have no other home and who can pay their way are taken in and live comfortably with others of their age and likings. These homes are under medical supervision and standards and are a decided asset to any community. Their numbers are growing across Canada and are thus making the care of the aged very convenient and peaceable. It is well for the older people to be together, because the old and the young do not assimilate too readily according to present-day social standards. It would be a generous move on the part of this government to recognize fully the part these homes are playing and to give them some definite assurance of further assistance. The matrons of these homes have bed patients in their care and charge as low as $45 a month for this service. The extra cost above the pension is borne by the county or other responsible municipality. This relieves our hospitals, which are too readily over-crowded. With the new health group insurance plans and schemes as formulated and now working, our hospitals do not know what to do, and many of these elder and incurable patients are now being removed to these homes which are taking a rightful and necessary place as subsidiary hospitals. We are at the parting of the old ways of doing things, and new schemes must be devised to care for the needy.

I maintain that the moral fibre of the country can be judged and assessed in just so far as it takes care of its old, its blind, its sick, and its needy. Germany on her way to build up her superior master race was accused of destroying all those who could not add to her national standards and income.

We in Canada are known abroad as a Christian nation, so let us measure up to our reputation as such by increasing our allowance to all those eligible to such an extent as is within our capabilities to pay and within the needs of all those requiring this assistance.

Our present plans of payment have been consistent with those of other countries and in that our actions are indeed worthy. I am certain that, after a careful survey by our experts, a plan of payment agreeable, not only to the taxpayer, but also to those in dire need, will be instituted as acceptable to all.

I should like to refer all groups in this house to the table presented by the then minister of national health and welfare on page 752 of the 1946 *Hansard*. I am sure much valuable information is contained therein, which should be carefully studied by all before they voice their comments. This table has been well prepared and the figures are astounding. The age of seventy, with the modified means test, seems the plan most feasible for the present, but on referring to the table on page 754 of the same *Hansard* we will readily agree that females are in much more urgent need than the males. Here at the age of seventy we find sixty-nine per cent of the males not gainfully employed, while ninety-six per cent of the females are in the same unemployed class and require assistance. In the sixty-five to sixty-nine age group we find thirty-one per cent of the males unemployed, while in the same age group ninety-two per cent of the females are thus classified.

So, when we make seventy the over-all age group for both, we are falling short of our duties, because male and female are certainly in two distinct groups, with the female in urgent need of the lower age classifications. We realize that this will cost huge sums but, with the war over and our national income at a high level, it behooves us to assist these aged citizens who have given their all and, during the days of hardship, to make this Canada the great nation it is today.

Now a word on immigration. We must have a clear-cut immigration plan, admitting only those who will fill in an unnecessary gap and relieve a farm situation that has become very much unbalanced. Immigration authorities inform us that the number of immigrants desiring to enter Canada is infinitely greater than it was two decades ago. While some countries may have regulations regarding exit permits and export of capital, these restrictions will no doubt be modified as conditions grow more normal.

In the British isles, 300,000 are reported as awaiting transportation to some of the countries of the commonwealth, and 100,000 have at least made serious inquiries. The high commissioner for Australia has recently stated that his country has set up an immigration policy of admitting 700,000 new citizens annually, with those from the British isles preferred. Under their government's new scheme, British servicemen would be transported free of charge and non-veterans at $40 each, while immigrants from other countries would pay their own passage.

With the labour shortage in Britain very acute, the British government is alarmingly concerned lest the lure of other countries might induce unlimited numbers to leave her shores to take up their homes elsewhere. We feel that the acute shortage of housing in our urban municipalities is detrimental to admitting skilled labourers; yet our countryside has many vacant dwellings suitable for farm workers. Immigrants of two social standards should be admitted, and could be without throwing our economy out of balance.

Our desirable class would be single men without capital who would be willing to take jobs on the farms, learn our methods, save their money and, as thousands of former similar ones have done, purchase and operate farms of their own in the future. Nationalities of this type in the past have been Belgians, Hollanders and Danes, who came here years ago as hired help, have made good, and now own and operate farms of their own as good Canadian citizens.

Another necessary and readily assimilated class are the ones with considerable capital and farming experience to purchase immediately many of our farms now operated by farmers who are anxious to retire owing to advancing years or ill health and who would readily dispose of their farms. Our agricultural resources alone could maintain hundreds of thousands of additional persons. There is at present a ready-made opportunity for newcomers because many unoccupied rural homes are awaiting arrivals and new ownership and farm operation.

Recently our department of agriculture in the town of Petrolia made a rural survey of one of our townships, the township of Warwick. The township of Warwick is fairly representative of all the other townships in that part of southwestern Ontario. This is what they found. It is a complete survey:

The survey's summary for Warwick township describes the township fairly well and is reprinted below:

Number of farms visited, 719; 230 were pasture farms.

Nobody living on them; 247 were under 100 acres; ninety-nine of these 719 farms

were rented; thirty-seven had empty houses fit for dwellings; 113 had bush on them; 154 were located on country road or highway; 187 farms were watered by creeks; 150 were infested with either thorns or weeds. That generally happens when they are turned into pasture farms. That part of the farm is more or less neglected and they grow up in weeds and thorn bushes. Here is an important fact that I should like hon. members to get: 163 of these 719 farms were operated by men over sixty years of age. Therefore there is a wonderful opportunity for European farmers coming in with capital. There is a ready-made opportunity. These men are all willing to dispose of their farms and move into town if they could only get a house to live in when they decide to move.

The immigrant from other lands has added materially to our industrial development and agricultural prosperity. It is true that we can never again admit these immigrants as we did during the early part of this century when they were arriving at the rate of one thousand a day and speeding across our country to develop and bring into being two of our prairie provinces. I can remember well when a thousand a day from Europe were speeding across Canada. They brought with them many of their skills and scientific knowledge, which, when added to and applied to our own, has worked to the advantage of all.

The most recent addition to my constituency has been a great number of Czechoslovakian families. They succeeded in leaving their homeland immediately before the war and brought with them much capital and purchased many of our better farms. They settled in groups, which was probably detrimental to their best behaviour; nevertheless they readily assimilated themselves into our ways of life because they intend to stay here. They adopted our methods, learned our language and settled down as good law-abiding citizens. Their children attend our schools and are growing up as the Canadians of the future, being schooled in an atmosphere in the very best of our customs and traditions. Canada cannot afford to let time pass without instituting an immigration policy broad enough—

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but his time has expired.

Mr. HENDERSON: I have only a few more words.

Mr. MACKENZIE: Finish your speech.

Mr. HENDERSON: Canada cannot afford to let time pass without instituting an immigration policy broad enough to admit to this country thousands of desirable settlers to populate the vast open spaces and to assist in the development of a greater nation. Our national economy is built up on our export market; but with double the present population, or three times it, we would have a great domestic market which, after all, is the soundest, since a home market is not dependent on trade treaties and international political bickering.

Our present needs are in the fields of agriculture, which is drying up and production decreasing owing to a large extent to the lack of help. We in Lambton-Kent have the roads; we have the unoccupied farms; we have the proper type of soil which has been developed by a hardy and virile race of pioneers, but at the present time and in the immediate future we must have sufficient immigration and labour that is not adverse to giving an honest day's toil for an honest day's pay. The citizens of the future must have stout hearts, intelligent minds and willing hands.

On motion of Mr. Langlois the debate was adjourned.

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

Monday, May 26, 1947

The house met at three o'clock.

PRIVILEGE

MR. MACKENZIE—QUOTATION FROM BIBLE

Right Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): Mr. Speaker, I rise to a question of privilege. Last Friday, at page 3378 of *Hansard*, the authenticity of my interpretation of holy writ was challenged by one of my good friends from Toronto. I was supported by the book, sir, the bible on which you were brought up. I went home and got my own Gaelic bible, and I am going to put the quotation on record. I have a precedent for doing this, because John Tolmie—

Mr. MacKINNON: He was my uncle.

Mr. MACKENZIE: —did this about forty years ago, in the Gaelic language as used in that part of the country from which my colleague the Minister of Trade and Commerce (Mr. MacKinnon) comes. This is what it says in Genesis, chapter 27, part of verse 22:

Is e 'n guth guth Iacoib, ach is iad na làmhan làmhan Esau.

The translation, which I give to a long suffering *Hansard*, is:

The voice is the voice of Jacob, but the hands are the hands of Esau.

Mr. GRAYDON: Mr. Speaker, does this mean that this house is becoming trilingual?

Mr. MACKENZIE: It should be.

Mr. SPEAKER: According to the rules the right hon. minister should not try to introduce a third language in the house.

EXTERNAL AFFAIRS

CONCURRENCE IN THIRD REPORT OF STANDING COMMITTEE

Mr. J. A. BRADETTE (Cochrane) moved that the third report of the standing committee on external affairs, presented to the house on Friday, May 23, be now concurred in.

Motion agreed to.

CANADIAN NATIONAL-CANADIAN PACIFIC ACT

JURISDICTION OF FEDERAL AUTHORITY OVER RATES OF PAY, HOURS OF WORK, ETC.

Hon. LIONEL CHEVRIER (Minister of Transport) moved for leave to introduce Bill No. 254, to amend the Canadian National-Canadian Pacific Act, 1933.

Mr. GRAYDON: Would the minister explain the purpose of the bill?

Mr. CHEVRIER: The object of this bill is to amend the Canadian National-Canadian Pacific Act so as to give the federal authority jurisdiction over rates of pay, hours of work and certain working conditions of the employees of the Canadian National and Canadian Pacific railways. As the matter now stands the provinces, under property and civil rights, have passed their own legislation, and the result is that the collective agreements which have been entered into between the railways and their employees have not uniform application in all parts of the country. The purpose of this legislation is to occupy the field in so far as labour relations of railway workers are concerned.

Mr. GRAYDON: With the consent of the provinces?

Mr. CHEVRIER: It is not necessary.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WAR ASSETS—DEBERT MILITARY CAMP

Mr. STANFIELD:

1. How many people were employed at Debert depot by war assets corporation for each of the twelve months prior to May 1, 1947?

[Mr. Mackenzie.]

2. What was the total (a) salaries and wages; (b) travelling and living expenses, paid to all employees at said Debert depot in each of the twelve months prior to May 1, 1947 ?

3. What was the total value of material sold in each of the twelve months prior to May 1, 1947 by war assets corporation from their Debert depot?

Mr. McILRAITH:

1 and 2. At War Assets Corporation's warehouse No. 41, Debert, Nova Scotia:

Month	Number employed	Salaries and wages	Expenses
1946			
May	81	$ 10,064 95	....
June	87	10,823 11	....
July	89	12,141 24	....
August	96	11,477 38	....
September..	100	11,254 75	....
October ...	126	15,100 05	$ 335 25
November..	129	14,787 34	424 75
December..	130	19,533 60	608 25
1947			
January ...	149	15,470 27	417 00
February ..	144	18,806 97	348 50
March	126	19,913 07	440 25
April	113	12,616 73	345 00
		$171,989 46	$2,919 00

Note.—No living expenses are incurred by the corporation in connection with the operation of this warehouse. Expenses shown above consist of general operating and local transportation disbursements.

3. Material is moved out of a War Assets Corporation warehouse for delivery or release to the purchaser, on receipt of the release copy of a sales order from the branch office of the corporation which made the sale. This copy of the sales order does not indicate the sale price. In order therefore to answer this part of the question, it would be necessary to have every branch across Canada report on the sales made from the Debert warehouse during the last 12 months. In view of the large volume of work involved, no answer to this part of the question has been prepared.

INCOMES OF CANADIANS IN VARIOUS BRACKETS

Mr. NICHOLSON:

1. During each of the last ten years for which complete returns are available, how many persons in Canada received incomes of (a) less than $2,000 per year; (b) $2,000 to $5,000 per year; (c) $5,000 to $10,000 per year; (d) $10,000 to $20,000 per year; (e) $20,000 to $50,000 per year; (f) $50,000 to $100,000 per year; (g) $100,000 to $200,000 per year; (h) over $200,000 per year?

2. What were the gross incomes reported in each of the above brackets?

Mr. McCANN: The Department of National Revenue can reply to questions on personal incomes only in so far as taxpayers are concerned. Therefore the tables given below relate only to taxpayers and not to all persons in Canada as requested. Complete figures by calendar years are available only for the years 1942 and 1941. The department has made estimates for the years 1944, 1945 and 1946 and the figures are included here although they will not be the final official figures for the years concerned. The income classes have been altered to conform to the classes adopted in compiling the original statistics. Reduction of the exemption levels in 1942 had the automatic effect of substantially increasing the number of taxpayers in the two lowest income groups as compared with 1941. The exemptions have been unchanged from 1942 to 1946. Subject to these comments, the requested information is contained in the following tables:

1941—Final

Income Class	Number of Taxpayers	Gross Income (000)
Below — $ 1,000....	165,475	$142,227
$ 1,000 — 2,000....	368,862	544,306
2,000 — 3,000....	198,252	474,275
3,000 — 4,000....	65,421	223,420
4,000 — 5,000....	26,626	118,436
5,000 — 6,000....	13,849	75,325
6,000 — 7,000....	8,382	54,002
7,000 — 8,000....	5,586	41,684
8,000 — 9,000....	3,693	31,298
9,000 — 10,000....	2,815	26,831
10,000 — 15,000....	6,897	82,641
15,000 — 20,000....	2,417	41,450
20,000 — 25,000....	1,170	25,985
25,000 — 50,000....	1,533	51,016
50,000 — 100,000.... / Over — 100,000....	506	47,264

1942—Final

Income Class	Number of Taxpayers	Gross Income (000)
Below — $ 1,000....	313,913	$258,754
$ 1,000 — 2,000....	913,944	1,378,043
2,000 — 3,000....	379,101	896,440
3,000 — 4,000....	87,556	297,586
4,000 — 5,000....	31,944	141,742
5,000 — 6,000....	16,279	88,318
6,000 — 7,000....	9,708	62,614
7,000 — 8,000....	6,646	49,517
8,000 — 9,000....	4,402	37,106
9,000 — 10,000....	3,399	32,393
10,000 — 15,000....	8,023	96,154
15,000 — 20,000....	2,774	47,677
20,000 — 25,000....	1,303	28,871
25,000 — 50,000....	1,694	56,300
50,000 — 100,000....	453	29,082
Over — 100,000....	105	22,626

1944—Estimate

Income Class	Number of Taxpayers	Gross Income (000)
Below — $ 1,000....	385,000	$ 318,000
$ 1,000 — 2,000....	1,290,000	1,962,000
2,000 — 3,000....	595,000	1,404,000
3,000 — 4,000....	80,000	271,000
4,000 — 5,000....	35,000	155,000
5,000 — 6,000....	19,000	103,000
6,000 — 7,000....	11,600	74,000
7,000 — 8,000....	8,200	61,000
8,000 — 9,000....	5,400	46,000
9,000 — 10,000....	4,000	38,000
10,000 — 15,000....	9,000	107,000
15,000 — 20,000....	3,400	58,000
20,000 — 25,000....	1,500	34,000
25,000 — 50,000....	2,250	78,000
50,000 — 100,000....	500	35,000
Over — 100,000....	150	23,000

1945—Estimate

Income Class	Number of Taxpayers	Gross Income (000)
Below — $ 1,000....	425,300	$ 349,621
$ 1,000 — 2,000....	1,252,000	1,877,938
2,000 — 3,000....	478,200	1,128,916
3,000 — 4,000....	107,600	364,688
4,000 — 5,000....	36,400	161,383
5,000 — 6,000....	19,200	104,218
6,000 — 7,000....	11,800	76,052
7,000 — 8,000....	8,000	59,575
8,000 — 9,000....	5,300	44,594
9,000 — 10,000....	4,200	39,930
10,000 — 15,000....	9,200	110,504
15,000 — 20,000....	3,400	58,508
20,000 — 25,000....	1,600	35,507
25,000 — 50,000....	2,140	71,548
50,000 — 100,000....	500	32,069
Over — 100,000....	160	27,860

1946—Estimate

Income Class	Number of Taxpayers	Gross Income (000)
Below — $ 1,000....	443,000	$ 365,501
$ 1,000 — 2,000....	1,314,050	1,976,330
2,000 — 3,000....	542,825	1,284,044
3,000 — 4,000....	124,450	423,383
4,000 — 5,000....	45,740	202,919
5,000 — 6,000....	23,235	126,284
6,000 — 7,000....	13,895	89,624
7,000 — 8,000....	9,500	70,778
8,000 — 9,000....	6,320	53,406
9,000 — 10,000....	4,820	45,791
10,000 — 15,000....	10,305	118,509
15,000 — 20,000....	3,535	60,715
20,000 — 25,000....	1,650	36,631
25,000 — 50,000....	1,900	62,700
50,000 — 100,000....	475	30,875
Over — 100,000....	109	

WAR ASSETS—SEWING MACHINES

Mr. LENNARD:

1. Have requests been made to War Assets Corporation, Toronto area, for sewing machines?

2. If so, what are the names and addresses of firms, or persons requesting same in the order in which they have been received?

Mr. McILRAITH:

1. Yes.

2.

Name—Address—Date of Inquiry

Cpl. Oliver, Rockcliffe, Ont., October 9, 1946.

Monarch Knitting Company Limited, St. Thomas, Ont., October 29, 1946.

War Assets Corporation, Valleyfield, P.Q., December, 12, 1946.

Eldorado Mining & Refining (1944) Limited, Port Hope, Ont., March 1, 1947.

H & H Auto Top, Toronto, Ont., March 10, 1947.

Weston Aircraft, Oshawa, Ont., March 14, 1947.

Gordon Sewing Machine Company, Toronto, Ont., March 28, 1947.

Department of Veterans Affairs, London, Ont., April 3, 1947.

Samuel & Son, Toronto, Ont., April 19, 1947.

Polymer Corporation Limited, Sarnia, Ont., May 5, 1947.

F. E. Lennard, M.P., Dundas, Ont., May 6, 1947.

RADIO BROADCASTING—LICENCES—HENRI DE MOOR

Mr. GAGNON:

1. Has Mr. Henri de Moor, superintendent of the sale of radio licences for Chicoutimi, resigned?

2. If so (a) when; (b) for what reason; (c) by whom was he replaced; (d) when was he replaced; (e) who recommended such appointment?

Mr. McILRAITH:

1. Yes.

2. (a) February 1947.
   (b) Unknown.
   (c) J. H. Gaudreault.
   (d) April 1 1947.
   (e) The Minister of Reconstruction and Supply.

CANCER

Mrs. STRUM:

What expenditure was incurred by the Department of National Health and Welfare in convening a cancer conference on January 27 and 28, 1947?

Mr. MARTIN: $582, which included cost of reporting, preparation of minutes, telephones, telegrams, postage, and luncheon for delegates.

[Mr. McCann.]

IMMIGRATION

Mr. CASTLEDEN:

1. From what countries have immigrants been admitted to Canada from September 30, 1945 to April 15, 1947?

2. How many immigrants were admitted to Canada from each of these countries during that period?

Mr. McILRAITH:

Immigration to Canada, showing country of last permanent residence, from September 30, 1945, to March 31, 1947.

Africa (Br.)	137
Africa (Not Br.)	87
Australia	285
Austria	159
Belgium	932
Bermuda	71
Bulgaria	1
Central America	25
China	190
Czechoslovakia	185
Denmark	48
Eire	526
England	45,147
Estonia	9
Finland	17
France	436
Germany	592
Greece	66
Holland	2,503
Hungary	31
India	172
Ireland (Northern)	774
Italy	76
Japan	24
Yugoslavia	21
Latvia	3
Lesser British Isles	45
Lithuania	3
Mexico	54
Newfoundland	4,041
New Zealand	124
Norway	235
Palestine	24
Poland	648
Portugal	52
Roumania	8
Russia	15
St. Pierre and Miquelon	12
Scotland	8,763
South America	188
Spain	69
Sweden	33
Switzerland	32
Syria	5
United States	15,430
Wales	1,191
West Indies (Br.)	516
West Indies (Not Br.)	57
Other countries	89
Total	84,151

Mr. CASTLEDEN:

How many applications have been received by the immigration branch since September 30, 1945 to March 31, 1947 for the admission of relatives of Canadians to Canada from Europe?

Mr. McILRAITH: The branch records are kept in such a way that the information asked for in this question can be obtained only by

checking the file of each applicant for immigration to Canada. In view of the amount of work and expense this involves I wonder if the hon. member would agree to drop the question.

Question dropped.

NATIONAL FILM BOARD—"CANADA CARRIES ON"

Mr. FRASER:

What was the total amount other than revenues received by the national film board for sale of prints of films made in Canada of "Canada Carries On" (a) sales made to Canadian purchasers; (b) sales made to foreign purchasers?

Mr. McCANN:

1. (a) 1945, $12,213.52; 1946, $6,850.93.
(b) 1945, $427.36; 1946, $1,467.43.

NATIONAL FILM BOARD—"THE BOY WHO STOPPED NIAGARA"

Mr. LOW:

1. Was the national film board, a government organization, commissioned by the J. Arthur Rank, private organization, to assist in making the film "The Boy Who Stopped Niagara?"
2. If so, on whose authority and on what terms?
3. Has the national film board been commissioned to do certain work including art work for use in connection with the Marian congress?
4. If so, on whose authority and on what terms?
5. Is the national film board to be used by the government to compete against private enterprise?

Mr. McCANN:

1. Yes. The national film board was commissioned by the children's film department of Gaumont British Instructional Films to produce the film.

2. The film was commissioned on the authority of the government film commissioner and the national film board, as it was projected originally for the national film board's own production programme. The script together with an estimate of cost was shown to and approved by Gaumont British Instructional, a non-profit organization, advised by the national advisory council on children's films for Great Britain and associated with the Rank Theatrical Enterprises. The film was then produced independently by the national film board. Gaumont British Instructional was invoiced for the production cost, which has been paid.

3. Yes.

4. On authority of the government film commissioner, in answer to a request made by Mr. Jacques Auger representing La Direction du Congres Marial.

5. No.

FAMILY ALLOWANCES—SUSPENSIONS FOR MISUSE

Mr. BREITHAUPT:

1. In view of the numerous press and radio reports regarding recipients of family allowance cheques misspending such money, has the Minister of National Health and Welfare made any detailed enquiries in this respect?
2. If so, what were the findings and what action is being taken?

Mr. MARTIN:

1. Reports of misuse of family allowances received from all quarters are investigated in the regional offices.

2. Following the investigation, if a report is found to be justified, the account is immediately suspended. Since January 1st 1947 the following number of accounts have been suspended on account of misuse of family allowances: January, 119; February, 23; March, 39; April, 33.

PUBLIC SERVICE—WAR DUTIES SUPPLEMENTS

Mr. LOCKHART:

1. What are the names of temporary or permanent civil servants who did not receive war duties supplements in (a) Department of Mines and Resources; (b) Department of Transport; (c) National Film Board?
2. Who recommended payment of war duties supplements?
3. What is the reason why war duties supplements were not paid to all employees in these departments?

Mr. CHEVRIER: Mr. Speaker, I speak of course only for the Department of Transport, but what I say will apply, I believe, to other departments. In the first place in the Department of Transport there are almost 8,000 employees. Of this number 721 have received war duties supplements. This would mean that an answer to the first part of the question would require the compilation of names of temporary and permanent civil servants with respect to over 6,000 employees in this one department. The information I have from the deputy minister is to the effect that even by assigning one or two clerks to this work, it would take almost two months to obtain the information. In view of these facts perhaps the hon. member would consent to dropping that part of the question.

As to the second part of the question, I would say that the payment of war duties supplements is recommended by the head of the department.

As to the third part the answer is that payment of war duties supplements varies, depending upon the nature of the war services performed by the employees. In many instances there were employees who in these

departments, because of their purely civilian duties, were not entitled to war supplements.

Would the hon. member consent to dropping the question?

Mr. GORDON GRAYDON (Peel): Since the hon. member for Lincoln (Mr. Lockhart) is not in his seat at the moment, perhaps the matter could stand until he returns.

Question stands.

EXPORT CREDITS INSURANCE ACT AND UNITED KINGDOM FINANCIAL AGREEMENT ACT, 1946

Mr. COCKERAM:

What amounts authorized as loans or credits to each country under the authority of the Export Credits Insurance Act and the United Kingdom Financial Agreement Act of 1946 have been expended or contracted for to date?

Mr. MAYHEW:

May 23, 1947	Advanced	Encumbered*
United Kingdom	$680,000,000 00	....
Belgium	51,000,000 00	....
China	21,351,522 07	$8,864,389 14
Czechoslovakia	5,037,116 34	5,812,978 35
France	162,400,000 00	....
Netherlands	82,143,283 98	7,262,533 11
Netherlands Indies	6,700,000 00	....
Norway	18,856,000 00	....
Union of Soviet Socialist Republics	2,866,098 69	....

*The amounts shown in this column represent amounts which the government concerned has asked the government of Canada to earmark against specific contracts but the government of Canada has no record of other commitments made in Canada by the governments of the above mentioned countries.

QUESTIONS PASSED AS ORDERS FOR RETURNS

LEGAL SERVICES—PROVINCE OF QUEBEC BARRISTERS

Mr. CAOUETTE:

1. What province of Quebec barristers have received fees from the federal government, or from any of the boards thereof, since January 1, 1936?

2. What amounts were paid to each of the said barristers, in what year or years, and for what services?

GRANTS FOR RESEARCH

Mrs. STRUM:

1. How many persons applied for national research council grants in (a) 1945-1946; (b) 1946-1947; (c) what were the amounts applied for in these respective years?

[Mr. Chevrier.]

2. How many applications for such grants were approved in (a) 1945-1946? (b) 1946-1947; (c) what were the actual amounts received in these respective years?

3. How much money was apportioned for research in 1945-1946, 1946-1947 in the following fields (a) medicine; (b) physical sciences; (c) forestry; (d) fisheries; (e) agriculture?

4. What was the total amount of money granted for research in 1945-1946, and 1946-1947 respectively in the following fields (a) medicine; (b) physical sciences; (c) forestry; (d) fisheries; (e) agriculture?

5. Has the national research council given any grants for military research?

6. If so, how much did these grants amount to?

CIVIL SERVICE—VETERANS' PREFERENCE

Mr. DIEFENBAKER:

How many veterans of the first great war entitled to veterans' preference and who entered the government service on or after July 19, 1927, are recognized as being permanent and subject to the provisions of the Civil Service Superannuation Act?

HOUSING—VETERANS—MCDONALD SUBDIVISION, NEAR WELLAND, ONT.

Mr. LOCKHART:

1. How many wartime houses have been erected under V.L.A. in the McDonald subdivision, near Welland, Ontario?

2. What are the names of the veterans occupying each of these houses?

3. What is the estimated value of each of the houses?

4. How long have these houses been occupied?

5. Are more houses to be erected in this subdivision?

6. If not, for what reason?

7. What was the cost per acre of the land in this subdivision?

8. Was pure water available to veterans when they were permitted to occupy these houses?

9. If not, what has been their source of water supply (a) for drinking purposes; (b) for general use?

10. What is the cost of the well drilled on this property, including the service piping to each house?

11. What water rates will be charged to each veteran?

12. When will the grading of these lands be completed?

13. What deposit has been paid by each of the veterans occupying these houses?

14. Where will contracts be available to these veterans?

15. Have the amounts of these contracts been computed yet?

16. If so, what will be the contract price to each veteran?

ADVERTISING—"LA FRONTIERE" AND "ROUYN NORANDA PRESS"

Mr. CAOUETTE:

1. Have any amounts been paid by the government since 1939 to *La Frontiere* and the *Rouyn Noranda Press*, of Rouyn, for advertising?

2. If so, what amounts to each?

IMMIGRATION

CONDITIONS UNDER WHICH POLISH GIRLS ARE BEING BROUGHT TO CANADA

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, will the Minister of Labour now answer my question with respect to Polish girls?

Hon. HUMPHREY MITCHELL (Minister of Labour): In reply to a question asked last week by the hon. member for Rosetown-Biggar (Mr. Coldwell) as to girls at present located in displaced persons camps in Europe being brought to Canada by the Dionne Spinning Mills of St. George, Beauce, Quebec, I would advise that the details of the arrangement are set out in order in council P.C. 1193.

With reference to the specific contracts which will be entered into by the girls with the Dionne Spinning Mills, they will provide for rates of wages no less favourable than those required by the provincial laws of Quebec.

My information is that it is the intention of the company to pay these girls the same rates of wages which prevail for other labour in the mill, and an order for return has been tabled which shows, according to reports to the Department of Labour, that no girls are employed at less than 25 cents an hour and that the average rate is 35 cents per hour. However, later information on the question of wages has been received in a telegram from Paul Baillargeon, attorney for the Dionne Spinning Mills, dated May 22, reading as follows:

> Answering your telegram: Taken from one of our recent payrolls girl machine operators minimum for experienced beginner is twenty-five cents per hour paid for forty-eight hours weekly but only work forty-six. This equals approximately twenty-six cents per hour minimum. This is increased to thirty cents per hour after one month. After that they are paid according to what they produce. Our experienced girls earn up to a maximum of sixty cents per hour plus three per cent. They also receive two per cent of their weekly earnings for vacation pay. They receive group sick benefit and death insurance five hundred dollars for females. We have only two married women.

In further explanation I quote from Mr. Dionne's letter to my colleague, the hon. the Minister of Mines and Resources:

> These girls will take their headquarters at the convent which is situated 500 feet from the mill and is under the direction of the Sisters of the Good Shepherd.
>
> I will pay the transportation of these girls from their homes to Canada. I will see that these girls or widows are healthy morally and physically. I will comply with the rules and regulations of the Canadian government.
>
> I will make a contract with these girls to refund me their transportation charges at about 25 per cent of what they will earn weekly in my plant. I will pay these girls, when they begin to work, according to the ordinance No. 5 regulating the salaries and conditions of work of textile industries in the province of Quebec.

That is the end of the telegram.

In addition, the company has undertaken to return the girls to point of origin if the arrangement is not mutually satisfactory.

I now table copy of P.C. 1193 dated April 1, 1947, and other documents pertaining to this matter.

I thought my hon. friend would like to see the whole file.

Mr. COLDWELL: Is the arrangement in any respect under the supervision of or in conjunction with the intergovernmental committee on refugees?

Mr. MITCHELL: Speaking from memory, I do not think so. My understanding is that these girls are being obtained from displaced persons camps in the American and British sections of Germany.

Mr. COLDWELL: Does this not contravene parliament's own legislation as contained in chapter 109 of the Revised Statutes of Canada, particularly section 2 thereof, which deals with alien contract labour?

Mr. MITCHELL: I do not know. At the moment conversations are going on, and have gone on, between myself and the Minister of Mines and Resources in connection with joint applications from trade unions and employers to bring people from these displaced persons camps to Canada. Speaking now as an individual, I think that the Canadian people have some responsibility in this regard. With all measures of this nature you have more or less to move easily and carefully into the policy. I could not say whether it does conflict.

Mr. COLDWELL: That is my point. Has the minister looked into this particular point? I read the act carefully this morning and section 2 certainly prohibits this kind of importation of labour. I realize that there are other sections which may give the government authority, but it seems to me that that was not the intention of parliament when the act was passed. I am not criticizing the relief of displaced persons, but I want to see that they are brought here under proper conditions and with the proper authority of parliament.

Mr. SINNOTT: Have you any objection to these people coming to Canada?

Mr. GORDON GRAYDON (Peel): May I ask one supplementary question on that point? Has the government received any applications from other employers of labour along the same lines as that of Mr. Dionne?

Mr. MITCHELL: The answer is yes.

FISHERIES PRICES SUPPORT

QUESTION AS TO PROCLAMATION OF OPERATIVE SECTIONS OF ACT

On the orders of the day:

Mr. L. E. BAKER (Shelburne-Yarmouth-Clare): I should like to direct a question to the Minister of Fisheries in connection with a matter of importance to the fishermen of the maritime provinces. Can the minister indicate to the house when the fisheries prices support board will be set up to administer the Fisheries Prices Support Act, 1944?

Hon. H. F. G. BRIDGES (Minister of Fisheries): In reply to the question of the hon. member for Shelburne-Yarmouth-Clare I would advise him that it so happens that at the moment the deputy minister of this department is in Geneva attending, at the request of the fishing industry, the international trade and tariff conference. After he returns to Canada, which I expect will be early in June, it is my intention to make some announcement as to when the operative sections of the Fisheries Prices Support Act, 1944, will be proclaimed.

TRANS-CANADA AIR LINES

LOSS OF TRANSPORT PLANE ON PACIFIC COAST

On the orders of the day:

Mr. E. B. McKAY (Weyburn): I should like to address a question to the Minister of Reconstruction and Supply, copy of which I have sent to him, and in his absence I would ask his parliamentary assistant to take note of the question. Has the search for the T.C.A. plane lost on April 29 on the Pacific coast been abandoned? When will the investigation into the cause of the loss be commenced, and what will be the composition of the investigating body? Have any claims for damages been filed?

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Reconstruction and Supply): If the hon. member will allow his question to stand as notice, it will be answered in a day or two.

[Mr. Sinnott.]

HUMAN RIGHTS

FUNDAMENTAL FREEDOMS—OBLIGATIONS UNDER UNITED NATIONS CHARTER—APPOINTMENT OF JOINT COMMITTEE

The house resumed from Monday, May 19, consideration of the motion of Mr. Mackenzie that the house go into committee on a resolution for the appointment of a joint committee of both houses of parliament to consider the question of human rights and fundamental freedoms.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, in many respects I believe that this debate on a resolution to set up a special parliamentary committee to study human rights and fundamental freedoms is one of the most important debates that we shall take part in during the present session. It is one debate wherein we are not vying with each other in a discussion over the cost of this or that commodity or involving ourselves in a discussion of the pros and cons of some expenditure. To my mind it involves the discussion of the fundamental philosophy of our democratic way of life as against the philosophy of totalitarian slavery.

The terms of the resolution indicate that a good deal of thought has been put into it. I should like to read the resolution, and for the sake of brevity I will omit the names of the members of the joint committee. The resolution reads:

> That a joint committee of both houses of parliament be appointed to consider the question of human rights and fundamental freedoms, and the manner in which those obligations accepted by all members of the united nations may best be implemented;
>
> And, in particular, in the light of the provisions contained in the charter of the united nations, and the establishment by the economic and social council thereof of a commission on human rights, what is the legal and constitutional situation in Canada with respect to such rights, and what steps, if any, it would be advisable to take or to recommend for the purpose of preserving in Canada respect for and observance of human rights and fundamental freedoms;

It is a little difficult for me to detect all that the Prime Minister (Mr. Mackenzie King) may have had in mind when he worded that resolution. I cannot conceive why in the whole matter of the united nations organization, with its charter and many complicated relationships, both economic and educational and commercial, and in matters of world justice and what have you, this one matter of human rights and fundamental freedoms should be singled out as being so important as to warrant the appointment of a special parliamentary committee to investigate, discuss and make recommendations.

As we are all aware, 1867 was the year of confederation, but Canada was a country and a nation long before that. It strikes me that Canadian citizens have always enjoyed what we regard as human rights and fundamental freedoms. Why is it necessary now, so many years after confederation, after so many years of life in a democracy, that we should begin to turn our attention to a delineation of these human rights and fundamental freedoms?

I have taken an intense interest in the speeches which have been made so far in this debate. Some of them have been filled with exceptionally good advice, but there have been some that I have not been able fully to understand. The other day I listened with a good deal of interest, as I usually do, to the able speech of the hon. member for Winnipeg North (Mr. Stewart), but there were one or two things that I did not quite understand, indeed which appeared to me to be just a little self-contradictory. At page 3160 of *Hansard* I read, for instance, this paragraph:

> Six hundred years ago they fought in Scotland against the foreign oppressor. They fought for the right of nationhood, and today there is still that same desire in the world for the right to self-determination.

I agree with that; I do most profoundly agree with the speaker on that point. But it does seem to me that that fundamental principle has already been done away with in some of our international gatherings. A few years ago we were all enamoured of a highly important and precious document known as the Atlantic charter. It had been signed by some of the big men of the earth. So far as I am concerned, Mr. Speaker, the Atlantic charter has become a scrap of paper, for in the negotiations carried on since the Atlantic charter was signed there has been little regard in many instances to giving the right of self-determination to some of the smaller nations.

The other day I read in the Toronto *Star*—I do read the Toronto *Star* occasionally—a British United Press dispatch from London, headed "Turks say U.S. aid is annoying Soviet," and the article reads:

> The Turkish newspaper *Aksam*, which frequently reflects official opinion, said in an editorial broadcast by the Ankara radio today the U.S. aid programme has increased Russia's "hostile sentiments" toward Turkey.
>
> The newspaper said Soviet policy would have to change if Soviet-Turkish relations were to improve.
>
> "There is nothing we can do to renew the ties of friendship that we desire to have with Russia, for the conditions appear to be clear-cut," *Aksam*, said, outlining the conditions as:
>
> "We have to give up the straits and Istanbul. We are to act an an enemy toward Great Britain and the United States. We are to set up a communist government, imported wholesale from Russia. And nothing less than the whole thing will do, for if one single condition is turned down, Russia won't even look our way."

That is a very important press dispatch, for the reason that it does away completely with the right of small nations to their national self-determination. I do not know what the attitude of the hon. member for Winnipeg North would be towards the recent United States loan to Turkey, but I do know that the expressions in some circles from those holding socialist views are not very happy ones. Yet in this dispatch, which reflects very largely official opinion, I have read the attitude taken by Turkey.

Much has been said during recent months as to the necessity for the nations of the world giving up some of their national sovereignty. I must admit, Mr. Speaker, that I have never been able to fathom just what these advocates mean, because when we ask them what part of our national sovereignty we are to give up, they never seem to know just what; they never seem to have an answer. While on this point I might mention our Canadian ambassador to Washington, who the other day in a speech bodly asserted that some of the nations would have to give up some of their national sovereignty. I might ask, Mr. Speaker, whether Mr. L. B. Pearson, our ambassador at Washington, was reflecting our official opinion in Canada, and if he was, who gave him authority to make that statement that we had to give up some of our national sovereignty? The Secretary of State for External Affairs (Mr. St. Laurent) is in his seat, and he can answer that if he wishes. I do say this, that diplomats as a rule are very careful about breaking into print, and I should like to know who gave the right to Mr. Pearson to make that statement, and whether it does reflect official opinion in this country. Furthermore, if it does reflect official opinion, I say that this parliament has a right to know from the present administration what part of our national sovereignty we must surrender. So far, while in past years this phraseology has been shouted from the housetops, we have not yet heard what part of our national sovereignty we must surrender.

The other day at a dinner given by the health league I heard one of Canada's eminent scientists speak on the atom bomb. His message was most interesting and deserved a good deal of commendation. I wish that that message might be put into print and circulated throughout Canada. But this was the part to which I took exception. Somehow or other before he finished—and I said to myself as he was coming to this point, "Ah, here it is; I thought so!"—he said that we should have to surrender some of our national

sovereignty. I do not know why he had to conclude on that note. I often think of the little phrase in scripture when our Lord was before Pilate and Pilate said something to him. Our Lord turned to him and said: "Sayest thou this thing of thyself, or did others tell it thee?" I just wonder how many of these men in important positions speak the words of truth and soberness as their own original thoughts, or whether somebody whispers something in their ear and as a result they are reflecting what they may think is a popular phrase, something that is in the air.

Here we are in this parliament—

Mr. MACKENZIE: On a point of order, may I inform my hon. friend that the quotation I gave today was derived from a hundred different languages.

Mr. HANSELL: Evidently the Minister of Veterans Affairs was engrossed in something else, because I was not referring to what the minister said at all. I did not have him in mind. The only thing I regret is that I am not making myself interesting enough for him to listen. However, I often wonder what good it is anyway. It does not make any difference how forceful your arguments are; when the vote is taken the government always wins. We win the argument and the government wins the vote. What I was talking about was the selling out or the surrendering of a part of our national sovereignty. Let the government state what it is we are surrendering. I am fearful that when these men in high places talk that way what they mean is that we are to surrender something of our human rights and fundamental freedoms.

I go further in my analysis of the speech of the hon. member for Winnipeg North. He talks about racial discrimination. I am not going to labour the point, but at page 3161 of *Hansard* he says:

> . . . where racial discrimination and intolerance of another's religious beliefs will be regarded as crimes against all mankind; where freedom of speech will be the inalienable right of every citizen.

That paragraph is self-contradictory, because if I am to be charged under the criminal code or if it is to be regarded as a criminal offence for me to criticize another religion, then I have not free speech. I say that I have the right to criticize another man's religion, and he has the same right to criticize mine. It is all very well to confine this to religion, but take political beliefs—I am not talking about party machine politics now, but we have come to the place in the world's history when there are political beliefs on a world-wide scale which are, I was going to say, almost tantamount to being a religion.

[Mr. Hansell.]

Mr. JOHNSTON: They are.

Mr. HANSELL: They are to a very large extent. In the debate on the speech from the throne the hon. member for Rosetown-Biggar (Mr. Coldwell) referred to socialism as being a new way of life that was dawning upon society, or words to that effect. I take issue with him as to its being a new way of life; it is about as old as mankind itself. But that is neither here nor there. A way of life is certainly as potent as a religion. If it is to be thought a criminal act to criticize a philosophy of life, then I have not freedom of speech. You cannot have it both ways.

The hon. member for Winnipeg North, referring to Jehovah's Witnesses, said as reported at page 3162 of *Hansard:*

> We will deplore perhaps the way they say it; and yet I maintain as a democratic citizen that they are entitled to freedom to say it so long as they do not violate the laws of the land.

I agree with that, but how can you reconcile that with the former statement that it should be regarded as a criminal act to criticize another religion or sect? I should like that explained. I often wonder what some people mean by racial discrimination. I have the greatest respect for all other races of man. The good Lord created everyone, but I wonder whether it is to be regarded as racial discrimination if a man in a restaurant displays a sign, "All white help". If fundamental freedom means anything it means that if a man wishes to display a sign of that kind he should be able to do so. Why not? He is in business. If he does not get business it is his own fault. I wonder whether it would be right for a man to have a Japanese valet. Perhaps because the Japanese will not associate with his friends he would like to have a Japanese valet. What would happen if a Canadian or an English butler applied for the job? Is the employer to be considered subject to the criminal code if he says, "No, I am sorry, I cannot employ you; I want a Jap". If a man wants to employ a Jap I think he should have the right to do so. That is one of the fundamental freedoms we have.

I do not claim to know everything about socialism—

Mr. ZAPLITNY: Hear, hear.

Mr. HANSELL: My hon. friend says "Hear, hear"; but I will pit my knowledge of socialism against his. I might tell my friend a little story. Some years ago I was charmed with socialism as it was portrayed in those days, and it is only by a little twist somewhere or other that I cannot explain why I am sitting in this group instead of sitting with the group to my right.

Mr. KNIGHT: The hon. member got twisted.

Mr. HANSELL: Perhaps so. It might be news to the hon. member to know that I was associated in a small way as a young lad with the hon. member for Cariboo (Mr. Irvine) when he issued what was known as a non-partisan paper. I used to be his cartoonist. Oh, I have caricatured my friend the hon. member for Cariboo pulling away a big bag of money from the capitalists. And he paid me good money for drawing these cartoons. On one occasion I wanted to get some information and I wondered to whom I should write. I believe I was in the constituency of Mr. Bennett at the time, but I thought I had a bit of a socialist mind and I did not know many socialists. Finally I got in touch with a revered gentleman, Mr. Woodsworth. I wrote to him, and he answered my questions in a gentlemanly manner and sent me a few pamphlets. Those pamphlets were of course on Fabianism, and believe me, I read them through. I ate them up. I said to myself, "I believe they have something there". I studied them carefully and got other books on the subject, and I may say to you, Mr. Speaker, that I came within an ace of being a full-fledged socialist. I am glad however, very glad indeed, that certain fundamental truths began to dawn upon my mind; and today, all joking, all levity aside, I want to say this, though I know that some will disagree with me: As a world philosophy, basically, when the socialist talks of racial discrimination his eventual objective is the ruination of man by the mongrelization of the human race.

Mr. ZAPLITNY: You know better than that.

Mr. HANSELL: My hon. friend says I know better than that. It proves what I said a little while ago; he just does not know everything about socialism. My hon. friends have not made that claim, of course. I am speaking of socialism. I am not saying that the C.C.F. have made that claim. If they want to deny it, it is all right with me. I do not care. I am saying that is the big idea behind socialism.

Mr. JAQUES: Communism.

Mr. HANSELL: That is the big idea in socialism. Let us remember this. God created every one of us, black or white, yellow, red, it does not matter what the colour of the skin may be; He created every individual with a soul. But the same God who created us said that He had fixed the bounds of men's habitation. We can tear those bounds down, I suppose, because sometimes we dare to assume we are a little wiser than the omniscient.

Mr. BLACKMORE: We seem to have learned a lot since the Lord created the earth.

Mr. HANSELL: I do not distinguish between world socialism and world communism. Somebody said the other day that the C.C.F. were Liberals in a hurry. I would say the communists are socialists in a hurry. That is all there is to it as far as I am concerned. The member for Rosthern (Mr. Tucker) in this debate referred to the socialization of land. Our C.C.F. friends deny that. I do not say they are going to do that in Saskatchewan; I am not so bold as to say that. As a matter of fact, I know the premier of Saskatchewan quite well. We sat in the house together. He is a fine gentleman. I do not think he would want to socialize the land, but I would say that fundamentally socialism dares to propose the socialization of land. I am dealing with the philosophy of socialism. I had a book put into my hands some time ago by a friend of mine. The title was "The Case for Socialism". The author is Fred Henderson. I may say my friend bought this book at one of the C.C.F. meetings. I have copied certain extracts in my own hand, and at page 22 I find the following:

> It is this private ownership of land and capital which we socialists indict as the root cause of poverty. We challenge its justice and its right to exist or continue. We trace directly to it the ruin, the widespread misery and the destitution, of the mass of the people.

Then at page 24:

> As for land ownership—well, it is hardly necessary nowadays to be a socialist to see that most Liberals and many orthodox politicians admit, that there is, and that there can be, no moral or just title whatever to the private ownership of land.

I can read more.

Mr. REID: That is the philosophy of Great Britain.

Mr. HANSELL: At page 31 of the same book I read:

> Let there be no mistake about it. Socialism, I repeat, is an attack upon the institution of private property in land and capital. We socialists advocate the expropriation of the landed and capitalist class;

And on page 32:

> I want you to be perfectly clear about this and not to attempt to shirk the full consequence of the socialist proposal. Do not, for example, let us deceive ourselves into thinking that we can get around this accusation about confiscation and robbery by talking about some form of compensation to the persons whom we propose

to expropriate. If the nation gave them compensation, in the sense of giving them the equivalent of what it is proposed to take from them, we should fail in our purpose.

Fundamentally, I began to learn some of these things as I read some of the books which were advocated by socialist-minded people.

Mr. BLACKMORE: That helped you to get untwisted.

Mr. HANSELL: I am not going to detain the house. All I wish to say is this. I do not know whether all members of this committee have the same conception of what human rights and fundamental freedoms are, but I say that the world is built upon law and order. The universe is built upon law and order, and it behooves all people to be subject to law, order and good government. There is a liberty which does not recognize authority, and that sort of liberty becomes licence. I have a strong feeling that the conception of human rights and fundamental freedoms of some members of the committee is going to be almost diametrically opposed to the conception of human rights and fundamental freedoms of other men on that committee.

Our socialists—let me interject this here—every once in a while take a crack at private enterprise. I am going to say that private enterprise is nothing more or less than the exercise by individuals of their human rights and fundamental freedoms.

Mr. BLACKMORE: The right to own property.

Mr. HANSELL: When I say that, I do not modify my statement. I only point out that there are abuses in private enterprise, but it is not private enterprise that is at fault but the abuses, and we have to correct those abuses. My hon. friends laugh a little, giggle a little, but that does not concern me. I say that if "fundamental freedoms and human rights" means anything it means that a man has the right to do business with anyone who will do business with him. If that is private enterprise, all right.

Now, Mr. Speaker, I see that your eye is on the clock as well as on me, so I take it my time is pretty well gone. I close with a quotation from Major C. H. Douglas, whom some of us claim to be one of the greatest minds in the world today. He says:

> In our anxiety to make a world safe for democracy it is a matter of real urgency that we do not tip out the baby with the bath water, and, by discarding too soon what is clearly an agency which can be made to operate both ways, make democracy even more unsafe for the individual than it is at present.

[Mr. Hansell.]

I close on that note. I say what we have to do in this committee is guard the human rights and fundamental freedoms that Canada has enjoyed ever since confederation. Nothing has changed in Canada, except that we have had the infiltration of a type of philosophy that would prepare our minds and soften us up for the acceptance of something that is diabolically evil.

Mr. MACKENZIE: Mr. Speaker—

Mr. SPEAKER: I understand that the minister will close the debate if he speaks now.

Mr. MACKENZIE: I just want to thank all parties and all hon. members who have spoken for their splendid contributions to this debate, which has been kept on a very high plane indeed. The committee will be set up as soon as possible. It is the desire of the government that my distinguished colleague the right hon. Minister of Justice (Mr. Ilsley) shall be chairman of the committee, subject of course to the wish and will of the committee itself. In that capacity I know he will render his usual efficient and distinguished service.

Motion agreed to.

PUBLICATION OF STATUTES ACT

REMOVAL OF PROVISIONS RESPECTING DISALLOWANCE AND RESERVATION OF BILLS

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs) moved the second reading of Bill No. 20, to amend the Publication of Statutes Act.

He said: Mr. Speaker, this bill is fully explained in the explanatory note published with the bill itself. Under the act which determines the distribution to be made of the Canadian statutes it was provided that copies would be supplied to the governor general to be transmitted to one of the principal secretaries of state of His Majesty's government in the United Kingdom for consideration by the government of the United Kingdom, to the end that they be disallowed or allowed to operate, and also that certain bills might be reserved by the governor general for His Majesty's pleasure. In the conference of 1926, when the Balfour declaration was made, the question arose as to what would be the position with respect to the possible disallowance of dominion legislation by His Majesty on the advice of his ministers of the United Kingdom, and what was the position that had been reached with respect to reserving bills for the consideration of His Majesty on the advice of his United Kingdom ministers.

The question was left to be dealt with by the conference of jurists which was set up to determine what were the practical steps to be adopted to carry out the principle embodied in the Balfour declaration. That commission met in 1929, and with respect to disallowance unanimously made this recommendation, which is to be found at page 16 of the report of the conference on the operation of dominion legislation and merchant shipping legislation, 1929:

> The conference agree that the present constitutional position is that the power of disallowance can no longer be exercised in relation to dominion legislation. Accordingly, those dominions who possess the power to amend their constitutions in this respect can, by following the prescribed procedure, abolish the legal power of disallowance if they so desire. In the case of those dominions who do not possess this power, it would be in accordance with constitutional practice that, if so requested by the dominion concerned, the government of the United Kingdom should ask parliament to pass the necessary legislation.

In respect of reservation the recommendation, which is to be found at page 19 of the report, is as follows:

> Applying the principles laid down in the imperial conference report of 1926, it is established first that the power of discretionary reservation if exercised at all can only be exercised in accordance with the constitutional practice in the dominion governing the exercise of the powers of the governor general; secondly, that His Majesty's government in the United Kingdom will not advise His Majesty the King to give the governor general any instructions to reserve bills presented to him for assent, and thirdly, as regards the signification of the king's pleasure concerning a reserved bill, that it would not be in accordance with constitutional practice for advice to be tendered to His Majesty by His Majesty's government in the United Kingdom against the view of the government of the dominion concerned.

That being the constitutional practice, on April 5, 1943, the Prime Minister (Mr. Mackenzie King) made a declaration in the House of Commons in answer to a question submitted by the hon. member for Temiscouata (Mr. Pouliot) to this effect:

> It has never been the practice for the clerk of the parliaments to send bound copies of the Statutes of Canada to the British Secretary of State for Dominion Affairs. On certain occasions, namely during the years 1927 to 1942 inclusive, they have been sent by the Secretary of State for External Affairs who, since the arrangement concluded at the imperial conference in 1926, has been the recognized channel of communication between the government of Canada and the government of the United Kingdom.
>
> The purpose of transmitting the Statutes of Canada in this manner has been to comply with the provisions of the Publication of Statutes Act and of section 56 of the British North America Act.
>
> In 1942, in view of the complete obsolescence of the power of disallowance, and in order to bring the actual practice into conformity with the constitutional position the transmission from the Secretary of State for External Affairs to the Secretary of State for Dominion Affairs was stopped.

That has been the situation in fact since that time. But there is still in the Publication of Statutes Act a provision which requires the Clerk of Parliaments to send bound copies to the Secretary of State for External Affairs for transmittance. Since 1942, instead of being transmitted to the United Kingdom, they have been sent to the library of the houses of parliament here. Nevertheless—

Mr. GRAYDON: These houses of parliament?

Mr. ST. LAURENT: To our Canadian houses of parliament. Nevertheless, though it was suggested that the Department of External Affairs tell the Clerk of Parliaments that he no longer need send them, it was felt that that would not be proper. There is a statute which places that duty upon the Clerk of Parliaments. And until parliament relieves him of that duty, it was felt that no one could give him instructions to disregard it. So the purpose of this bill is to amend the statutes respecting the publication of statutes, and thus relieve the Clerk of Parliaments of the obligation placed upon him by parliament, which is now without any practical object.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, Bill No. 20, letter E of the senate, is one which has caused me considerable concern, and one about which the house should have some clarification as soon as possible. The debates in another place, to which I am not permitted to refer in detail, consisted largely in an explanation of the bill itself by its sponsor. Little or no debate took place there, and for that reason we have no explanations before us by those in the senior chamber with respect to points which might normally be raised in the house. What was said in introduction by the hon. senator in the other place was much the same as has been said today by the Secretary of State for External Affairs (Mr. St. Laurent).

Looking through the bill and the various statutes connected with it I find there are a number of matters concerning which I should like to have some explanation when the bill reaches committee of the whole. First of all it should be made clear that the Publication of Statutes Act, which is chapter 2 of the Revised Statutes of Canada, 1927, is one which deals with the subject matter indicated by its title. Today we are not interested in the

repeal of the whole statute which was passed in 1925 by the parliament of Canada, but we are directing our attention to those parts of the statute which have to do with the publication of our statutes in the United Kingdom. If I may say so, it seems to me we cannot separate that part of the Publication of Statutes Act from the British North America Act itself.

Let me bring to the attention of the house the two sections of the British North America Act which is seems to me bear directly on this bill. Chapter 56 of the British North America Act states:

> Where the governor general assents to a bill in the queen's name, he shall by the first convenient opportunity send an authentic copy of the act to one of Her Majesty's principal secretaries of state, and if the queen in council within two years after receipt thereof by the Secretary of State thinks fit to disallow the act, such disallowance (with a certificate of the secretary of the day on which the act was received by him) being signified by the governor general, by speech or message to each of the houses of parliament or by proclamation, shall annul the act from and after the day of such signification.

And section 56 states:

> A bill reserved for the signification of the queen's pleasure shall not have any force unless and until within two years from the day on which it was presented to the governor general for the queen's assent, the governor general signifies, by speech or message to each of the houses of parliament or by proclamation, that it has received the assent of the queen in council.
>
> An entry of every such speech, message or proclamation shall be made in the journal of each house, and a duplicate thereof duly attested shall be delivered to the proper officer to be kept among the records of Canada.

I read those two sections to show that the British North America Act was clear as to the power of disallowance; and I shall proceed from that point. It was because of section 56 of the British North America Act that section 6 of the Publication of Statutes Act, now to be repealed, was passed. That section states:

> As soon as practicable after the prorogation of every session of parliament, the Clerk of the Parliaments shall obtain from the king's printer a sufficient number of bound copies of the Statutes of Canada passed during such session of parliament, and shall deliver to the governor general one copy duly certified, for transmission to one of His Majesty's principal secretaries of state, as required by the British North America Act 1867.

And then it goes on to indicate that certified copies of all bills, along with certain other things, shall be delivered. The two acts, the British North America Act and the Publication of Statutes Act, especially section 6, are linked together; the one is woven into the fabric of the other.

The minister has indicated that on April 5, 1943, certain questions were asked with respect to this by the hon. member for Temiscouata. I do not think that I need to read the questions and answers in full, but I should like to indicate their general purport and significance.

It would appear that in 1942 the government stopped sending any further bound copies of the Statutes of Canada to the dominions office in London. As the minister pointed out, prior to that and after the Balfour declaration the procedure had been altered somewhat whereby the Secretary of State for External Affairs sent bound copies rather than the Clerk of the Parliaments. I have found out in my explorations that the Clerk of the Parliaments is actually the Clerk of the Senate. The channels through which the copies of the statutes were sent were changed from the Clerk of the Parliaments to one of His Majesty's principal secretaries, and they then went from the Secretary of State for External Affairs to the dominions office in London.

That went on from around 1930 until 1942. According to the answer given to the hon. member for Temiscouata, to be found on page 1828 of *Hansard* of April 5, 1943, the practice was then discontinued. The reason given by the Prime Minister was this, and I quote from page 1829:

> The purpose of transmitting the Statutes of Canada in this manner has been to comply with the provisons of the Publication of Statutes Act and of section 56 of the British North America Act.

I have already put parts of those statutes on the record. The Prime Minister then goes on to say:

> In 1942, in view of the complete obsolescence of the power of disallowance, and in order to bring the actual practice into conformity with the constitutional position, the transmission from the Secretary of State for External Affairs to the Secretary of State for Dominion Affairs was stopped.

So far as I can gather there was no change from 1931 until 1942 with respect to our constitutional position, and in 1942 the government sent for the last time the Statutes of Canada to the United Kingdom. It may have been that the matter was overlooked in the meantime, but I think we are entitled to some explanation from the minister as to why they were stopped in that particular year. I am wondering if they were stopped because the hon. member for Temiscouata put the questions he did on the order paper at that time It would seem that up until the time the questions were put on the order paper and the answers given, the statutes had been going regularly through that last mentioned channel and without any hindrance or stoppage by the present government.

There is one point upon which I am not at all clear. A few moments ago the minister for external affairs referred to the conference of jurists which was held in 1929 for the purpose of giving an opinion as to our position, having in mind the Balfour declaration and the changes brought about by the two imperial conferences held in the late twenties, the conference in 1930 being the last one held in respect to that. One thing which the minister tried to explain to the house was in reference to page 16 of the report of the conference of jurists, or commission of jurists, as he was pleased to call it. They agreed that any self-governing dominion could abolish the legal power of disallowance if they so desired, and it is upon those words that I want to build another point in my argument.

The British North America Act by section 56 plainly gives the power of disallowance. The conference of jurists indicated that that power could be abolished by the parliament of a self-governing dominion. The Statute of Westminster, passed in 1931, does not amend the British North America Act, and consequently does not amend section 56, which provides for the power of disallowance in the other parliament. While I understand clearly what the minister says with respect to the effect of the Statute of Westminster and its wide significance so far as our nationhood is concerned, still that statute provides by section 7:

> Nothing in this act shall be deemed to apply to the repeal, amendment or alteration of the British North America Acts, 1867 to 1930, or any order, rule or regulation made thereunder.

Having made a careful check of the amendments to the British North America Act since 1930 I find that there has been none which could in any way be stretched to include section 56 which calls for the power of disallowance by the United Kingdom. That being so, I only want to go into the matter as fully as possible in order to see if we cannot clarify our position. According to the statutes which I have brought to the attention of the house this afternoon, that power of disallowance is still outstanding. If so it is a serious business for this parliament and a serious business for this country. The power of disallowance is tied in with the legislation at present before the house. It seems to me that this legislation either goes too far or it does not go far enough. Tied in as it is with section 56 of the British North America Act this bill is neither flesh nor fowl nor good red herring. It is an innocent useless measure unless the legislation with respect to the disallowance clause in section 56 is actually obsolescent. I should like to know from the minister when we are in committee what obsolescence means. If that section is obsolescent and has no meaning, then so is the Publication of Statutes Act obsolescent and without meaning My point I think is clear. If one needs amendment, both need amendment; if one does not need amendment, neither does the other, because the two are so closely linked together.

The other point I would raise is this. When the terms of the Statute of Westminster were agreed upon by the various members of the commonwealth, were changes such as this discussed and decided upon? Why is this matter arising now, some seventeen years afterwards? Also I would ask what about the other members of the British commonwealth of nations? What is their procedure in matters such as this, having in mind the Statute of Westminster itself. The house is entitled to know these things. On the surface this bill appears to be an innocuous piece of legislation. When I first looked at it, it seemed as though we might as well put in statutory form what we have been doing and that is drop the practice of sending these statutes across to the old country. But there is much more to it than appears on the surface, because, as I have tried to show, it goes to the root of an important principle with respect to the British commonwealth of nations.

This brings me to another point which I would like to impress upon the government. It seems to me, Mr. Speaker, it is time that the members of the British commonwealth of nations ought to be less shy about each other and that they should try to arrange for more regular, frank, man-to-man talks among themselves. There is no reason why Canada should not take the lead and call a commonwealth and empire conference, even in the year 1947. There have been calls for such a conference from many prominent citizens, both in the United Kingdom and here, and by the press of both countries. Ex parte methods such as this before us, a little whittling at the main issue, amending some little section in the Publication of Statutes Act—that is not what the people expect today. They expect that we shall get together as units of the commonwealth and clarify our position, and that our constitutional position shall be brought up to date where that needs to be done. Canada stands in a splendid position in regard to the commonwealth. It would not surprise me, even if it should other members of the house, if in the years that lie ahead this country became the centre of a greater and more powerful British commonwealth of nations. Canada ought to give the lie to those in other parts of the world who

say that we are witnessing the liquidation of the commonwealth and empire. That is not quite what the people of this country or the people in other parts of the British commonwealth really believe.

No one is prouder of being a Canadian than I am, and no one I think has ever more clearly expressed that than I have. More than that, I am one of those who have always revelled in the fact that Canada is an autonomous nation in that great, happy and peaceful family of nations. But at the same time I think that Canada's most brilliant prospects as a nation will be heightened and brightened by taking a more active lead in this great peace-loving family of nations of which we are so proud to form a part.

The Right Hon. Anthony Eden, standing in this house in 1943 where the Clerk Assistant is now sitting, made some momentous statements, and one which received applause from every section of the house regardless of party was that the British commonwealth of nations was a pattern upon which the peace structure of the world might well be fashioned. I think that is so, Mr. Speaker. We as a commonwealth and empire mesh in well with the present international machinery. The commonwealth and empire have no national objective that can be gratified by war and no international objective that cannot be fully gratified by peace in the years that lie ahead. And so because of the extent to which this legislation and that which is tied up with it fits into the great framework of the British commonwealth of nations—perhaps I should not call it a framework because after all, as has been well said, the looser the bond the closer the tie, and there is nothing of the strait-jacket about the British commonwealth and the empire; for it can develop and expand without snapping any of its bonds, which is one of the great things about it—because this legislation comes so close to the whole picture of our commonwealth relations I have asked this afternoon for the clarification which perhaps the minister will feel like giving when we are in committee. On that understanding I am agreeable to the bill being given second reading now.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, whatever criticisms may be made of this bill I think it is a step in the right direction. It gives the proper interpretation to the present constitutional position. As to its marking the disassociation of members of the British commonwealth I must confess that I cannot see that. Much that has been the subject of criticism in the British empire is being removed and the empire is being turned into a commonwealth of self-governing nations, the ultimate end of which will be a stronger and better and more real association, I believe, than we have at the present time. I look forward to the maintenance of that association, but I do think that constitutional provisions as obsolete as the one we are discussing this afternoon can only lead to misunderstanding outside this country. I know that again and again when one is in the United States one will be asked about the constitutional position of Canada, and when one says that we are a self-governing independent nation within the commonwealth, questions of this kind are asked: Is it not right that the British parliament has the power of disallowance? Have you the right to amend your own constitution? Who governs you? Who sends the Governor General, and so forth? I do not think we weaken the commonwealth association one bit by facing the constitutional realities and wiping from our statute books matters which are subjects of misunderstandings abroad and which are not in conformity with our present procedures. Therefore I believe that this bill should be supported by the house.

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

On section 1—Clerk of the Parliaments to have custody of certain original documents.

Mr. McKAY: While there is provision for an amendment to the Publication of Statutes Act, may I draw the minister's attention to the index and tables of the public statutes found in the Revised Statutes of Canada. In the extreme left column the subject matter is stated. In the middle column the number of the revised statute is given; on the right the amendments are given with the year and the chapter amendment. To facilitate the locating of sections, it seems to me they should be indicated, and some sectional revision should be made. Not infrequently one must go back eight, ten and even twenty years to locate the amending sections. That all takes considerable time. Would it not be possible to state the section amended as well as the chapter? If the amendments were indicated it would save hon. members considerable trouble and time.

Mr. ST. LAURENT: The hon. member is, of course, aware, that this index is not an official part of the statute; it is something that is prepared as an aid to those who have to consult the statutes. I shall have the hon. member's remarks drawn to the attention of those who attend to the printing and binding

of the statutes, because I think it would indeed be helpful to have the amendments indexed not only as to the chapter but also as to the sections.

Mr. GRAYDON: Is it the minister's opinion that this particular part of the Publication of Statutes Act is in any different position from that of section 56 of the British North America Act?

Mr. ST. LAURENT: Section 56 of the British North America Act now provides for something which a general conference of the governments of the autonomous units of the commonwealth have declared formally to be obsolete. It has become a recognized practice that disallowance will not be recommended by ministers of His Majesty's government in the United Kingdom with respect to any legislation of an autonomous dominion. That is the constitutional status which has been attained. It has also been declared that the parliament of the United Kingdom would not undertake to legislate for an autonomous dominion unless it be at the request of that dominion. That is the present constitutional situation. If, in spite of that, the parliament of the United Kingdom chose to reenact the Colonial Laws Validity Act and to attempt again to treat the units of the commonwealth as subordinate colonies, in theory it might still be the legal effect of such statutes, but it would not work. It would not operate; it would be the death-knell of the commonwealth association.

We could have proceeded to submit joint addresses to ask that the terms of section 56 of the British North America Act be modified, but whenever we do attempt any modification whatsoever of the British North America Act we have a pretty active controversy in this country. Today it is not desirable to have these controversies unless we are going to achieve something as a result of the controversy. When it is merely something that is academic the controversy is undesirable.

In 1940 the hon. member for Temiscouata brought up this matter of transmitting our statutes and he was told what the practice then was. The hon. member just slightly qualified what I had said. Before 1926 the channel of communication between a dominion and His Majesty's government in the United Kingdom was the Governor General. That was the original position. He was the representative of the government of the United Kingdom; he was the channel through which the dominion communicated. Then the usual process by which constitutional changes have come about without revolution in British countries operated and the Governor General got into the position where, in fact, his constitutional relationship with his ministers in Canada was the same as the constitutional relationship of His Majesty with his ministers in the United Kingdom. That became the situation in fact, recognized as such, and the channel of communication between the Canadian government and the government of the United Kingdom became the office of the Secretary of State for External Affairs. I do not mean to assert that we are to have an embargo on the export of statutes to the United Kingdom. As a matter of fact they still go. They need them for their own information as we need theirs for our information.

But here is a provision in a Canadian statute which states that certain copies are to be sent for a certain purpose, and that purpose has entirely disappeared. Therefore the proposal that was made originally came up in 1940 and in 1942. It was proposed that the Clerk of the Parliaments be told not to comply with the Publication of Statutes Act. That proposal was not accepted. It was felt that it would not be proper for the government to attempt to say that a servant of parliament would not do what parliament had said he should do, and that if he was not to do it parliament should be asked to make the necessary statement. That is what the bill is for. It would be quite as logical to have addresses to modify section 56 of the British North America Act; but my hon. friend knows what suspicion would be aroused. Any attempt at this time to get an amendment to the constitution would give rise to serious controversy. There would be some who would say that it is not going far enough. I was horrified to read in one of the papers of my province that the new editor appointed to direct the course of that paper was advocating a Canadian republic. To have any controversy over whether we are to have at this time a Canadian republic or not would be, I think, a pretty futile one, one that would not lead to any practical result and would stir up a lot of feeling for nothing. Why not deal only with the things that will achieve some practical result and not unnecessarily stir up controversy that does engender some bitterness and produce no good. Therefore it was felt that the only unnecessary thing that was still being done was that the Clerk of the Parliaments was complying with this requirement of a Canadian statute.

Mr. DIEFENBAKER: What practical result is achieved by doing it in the manner that is followed here instead of by address?

Mr. ST. LAURENT: The practical result will be that the Clerk of the Parliaments will be no longer under any obligation imposed upon him by a Canadian statute to send certified copies to the Secretary of State for External Affairs for the purpose of their being sent to Britain for examination and disallowance. He will be no longer under that duty. His Excellency the Governor General will, if he were to feel that this declaration of obsolescence is not sufficient to relieve him, still have the duty put upon him by the British North America Act of doing what section 56 calls for, but I do not think he will feel any conscientious scruples about not doing it, while the Clerk of the Parliaments, being required by a Canadian statute, which was consolidated in 1927, to act in a certain way, felt that he should do so, and no one felt that he could be told not to do it unless parliament relieved him from that duty.

Mr. DIEFENBAKER: Is it a fact that he has not been doing that, or was not from 1940 to 1943?

Mr. ST. LAURENT: He has been doing it. He still sends copies to the Secretary of State for External Affairs, but since 1942 the Secretary of State for External Affairs has not sent them for the purpose for which the Clerk of the Parliaments sends them to him. Instead, the copies he gets for that purpose he sends to the library of this parliament to be added to those that are kept there.

Section agreed to.

On section 2—Copies for Registrar General.

Mr. GRAYDON: With all deference, I think the minister has made a good case out of the material he has, but the situation is still confused. I am not at all certain that the questions asked by the hon. member for Lake Centre, and pretty powerful questions too, have been answered in a way that entirely satisfies me. On the other hand, the minister has perhaps reasons for this kind of thing. If, however, section 56 is subject to obsolescence, or whatever term the Prime Minister uses, this also is subject to obsolescence.

Mr. ST. LAURENT: Possibly it is subject to obsolescence, but the Clerk of the Parliaments is faced with a statute which was reenacted in 1927 and he complies with it.

Mr. GRAYDON: He is still faced with section 56.

Mr. ST. LAURENT: No. That is an obligation imposed upon the Governor General, and that has not been carried out by His Excellency for a great many years, since the establishment of the Department of the Secretary of State for External Affairs. The Secretary of State for External Affairs, through his officers, had been simply following the old practice: "The Secretary of State for External Affairs presents his compliments to the Secretary of State for the Dominions and advises him that he is forwarding so many copies of Canadian statutes", and they used to go as a matter of course. When the question was raised in 1940 the matter was discussed as to whether a bill would be brought down then or not. The country was at war and it was felt it would not be desirable to introduce any bill at that time. The subject came up again in 1942. It was discussed by the Secretary of State for External Affairs and the under-secretary of state for external affairs, and they decided that they would no longer send copies. The next year a question was put by the hon. member for Temiscouata, and the question again arose whether we should bring in a bill. The decision was that we would not do so while the war was on, and this is the first opportunity that has offered to have a bill since the war came to an end.

It may be unnecessary. Perhaps, if my right hon. colleague the Minister of Justice were consulted, he would give an opinion that would satisfy the Clerk of the Parliaments that the Canadian statute is as obsolete as that provision in the British North America Act. But I am not sure that he would, and I am sure that if parliament passes this bill it will settle this matter.

Mr. GRAYDON: If the Governor General is not greatly concerned about his position, I should not think the Clerk of the Parliaments would be either.

Mr. DIEFENBAKER: The minister has given a most interesting review, and a good deal of information has been brought before the committee. I am particularly interested in one statement he made, namely that for some years the Governor General has not been carrying out the provisions of section 56. As I understood the minister, he stated that since Canada had had a Department of External Affairs the Governor General has not followed the provisions of the section. What I should like the minister to tell us is this. When were the provisions of this section discontinued, so far as the Governor General is concerned? Who made the arrangements for the change? Was there any communication with any governmental authority outside Canada when the decision was made by the Governor General not to transmit any further statutes passed by parliament?

Mr. ST. LAURENT: I will not say that the Governor General ever did the transmitting personally.

Mr. DIEFENBAKER: No.

Mr. ST. LAURENT: They were transmitted in the name of the Governor General.

Mr. DIEFENBAKER: Yes.

Mr. ST. LAURENT: When the Department of the Secretary of State for External Affairs was set up, communications to the United Kingdom government were made in the name of the Secretary of State for External Affairs. No other arrangement was arrived at, and this provision of section 56 probably does not mean anything other than the Canadian government. The words "Governor General" probably mean nothing less than the Canadian government, because under the British North America Act the Governor General is in terms the administrator of His Majesty's government in Canada.

Mr. DIEFENBAKER: Is that strictly correct under the British North America Act?

Mr. ST. LAURENT: Yes; all executive power is vested in His Majesty and exercised on behalf of His Majesty by the Governor General, with the advice of his ministers in Canada.

Mr. DIEFENBAKER: I should like to know since what year the Governor General has not transmitted the statutes passed by this parliament. The minister has not answered the question at all. He made the statement that from the time Canada had a minister for external affairs the Governor General ceased to send copies of the statutes passed by parliament. My question is simply this: since what year has section 56 not been carried out?

Mr. ST. LAURENT: I will not say section 56 was not carried out. The terms of section 56 were carried out, in fact, up to 1942 inclusive. I am sorry I have not the old file here. The oldest one I have contains a letter addressed by the Clerk of the Parliaments on January 15, 1940, to the under-secretary of state for external affairs, in compliance with section 6 of chapter 2 of the Revised Statutes of Canada, 1927:

> . . . I send you, herewith, a certified copy of the Statutes of Canada passed during the fourth session of the eighteenth parliament, 3 George VI, 1939, for transmission to one of His Majesty's principal secretaries of state.

That was followed by a communication in the name of the Secretary of State for External Affairs in the following terms:

> The Secretary of State for External Affairs presents his compliments to the secretary of state for dominion affairs and has the honour to enclose herewith, for transmission to the librarian, dominions office, six copies of . . .

And so on. I can get the old files and on another occasion give my hon. friend the time any change in the language of transmission was made.

Mr. DIEFENBAKER: From what the minister has said in reply to the hon. member for Peel, do I understand that ordinarily it would have been considered necessary to apply to parliament for an address from both houses in order to repeal any section of the British North America Act? That is the law and practice, but in this instance, because the sections in question have become obsolete through changing practice over the years, the government decided that an address to amend the British North America Act at this time might have aroused suspicion, to use my right hon. friend's word, or difficulties in parliament, with the possibility of a long discussion on the subject. Instead, the shorter and indirect course has been followed, namely, that of amending a statute which was passed by parliament to implement the pertinent sections of the British North America Act. Does that sum up the situation?

Mr. ST. LAURENT: I would not say it was to do anything to the British North America Act indirectly. It does not do anything to the British North America Act either directly or indirectly. It does propose to repeal, as being the simpler method, a statute which was passed by the Canadian parliament to implement something that was in the British North America Act.

Mr. DIEFENBAKER: There is just one other question. Are there any sections of the British North America Act that are obsolete at this date, other than sections 55, 56 and 57?

Mr. ST. LAURENT: Without giving the matter very careful consideration, I should not like to say there are sections which are obsolete. There is no doubt that if one were to frame a constitution at the present time it would be expressed in language that would be appropriate to present practices, and much of the language that is in the British North America Act might be changed.

Mr. GRAYDON: Just when do the provisions of a statute reach the stage of obsolescence?

Mr. ST. LAURENT: That is a matter which is subject to the Einstein theory of relativity. My hon. friend knows as well as I do that statutes do become obsolescent.

What does it require for one to become obsolescent? They are not in fact recognized as obsolescent until some court or body in authority has said so. With respect to the ordinary rules of law, it is the courts that say, "Well, that has become obsolescent," and until they find that as a fact no one is entitled to regard it as obsolescent. Here this body, made up of representatives of all the autonomous states of the commonwealth, found that this was obsolescent and made recommendations accordingly. The recommendations they made were based upon that as well as the other declarations of the conference, and in the Statute of Westminster they were accepted by this parliament and the parliaments of all the other units of the commonwealth, on the basis that this disallowance and reservation had become obsolescent, and on the basis that the Governor General was no longer the channel of communication between the government of a dominion and the government of the United Kingdom. That was the real foundation upon which the Statute of Westminster was built, and it was accepted everywhere.

Section agreed to.

Sections 2 and 3 agreed to.

On the title.

Mr. GRAYDON: May I ask the minister one other question I asked him before? What is the position of the other units of the commonwealth with respect to this very problem with which we are now dealing?

Mr. ST. LAURENT: I am sorry I am not in a position to say whether or not they had local statutes of their own implementing the provisions which had to do with disallowance and reservations.

Title agreed to.

Bill reported, read the third time and passed.

UNITED NATIONS

POWERS OF GOVERNOR IN COUNCIL WITH RESPECT TO ARTICLE 41

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs) moved the second reading of Bill No. 132, respecting article 41 of the charter of the united nations.

Mr. GRAYDON: I expect the minister will want to make some explanation, and I myself have some remarks to offer.

Mr. ST. LAURENT: Under the charter of the united nations, approved by both houses of the Canadian parliament, it is provided that there shall be, as the principal organ for the maintenance of security among the united nations, a security council. The charter provides three phases of procedure in dealing with disputes which may arise between nations. The first is the phase of conciliation, when the security council uses its best endeavours to get the parties to the dispute to agree to remove the cause of the dispute. If the procedure of conciliation fails, then article 41 of the charter empowers the security council to decide upon non-military sanctions, which will be applied to a recalcitrant state. The council may decide what measures, not involving the use of armed force, are to be employed to give effect to its decisions; and it may call upon members of the united nations to apply such measures. These may include complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations.

That is the article which gives to the security council the power to make these decisions. Under article 25, to which we have agreed:

> The members of the united nations agree to accept and carry out the decisions of the security council in accordance with the present charter.

As hon. members know, the Canadian government can enter into international arrangements. But the action of the Canadian parliament is required to make it obligatory for Canadian citizens to do the things that may be necessary to carry out the international obligations assumed by the Canadian government.

At the present time there does not seem to be any urgent need for action to implement decisions under article 41 of the charter. Unfortunately—at least I regard it as unfortunate—proceedings in the security council have dragged to an extent and to a degree that has appeared to be disappointing and not to give us the feeling that it was capable and willing to take an active hand in preventing international strife. Nevertheless we have agreed to the charter. It is the only international instrument we have at the present time, and members on all sides of the house have declared that they support the policy of doing everything Canada can do to make the united nations succeed.

That being the attitude, we do not want to be subject to any reproach that any act or omission of ours was a reason for delay in having the united nations and the security council fully operative. We therefore ask parliament to authorize the governor in council, should occasion arise, to make such orders binding upon Canadian citizens as might be required to carry out Canada's obligations

under articles 41 and 25 of the charter of the united nations in respect of non-military sanctions imposed by the security council upon a recalcitrant member of the united nations organization.

Similar legislation has been passed by the parliament of the United Kingdom and by the parliament of New Zealand. It has not yet been passed by the parliament of Australia, or that of South Africa. Similar legislation is not required in the United States. When the united nations charter was approved by the American Senate, that made it the law of the land; and it is in all respects a part of the law of the United States. So that the executive government there has power to carry it out. It is there in such form as to bind the individual American citizen.

Here, under our system, international treaties do not have a binding effect upon individuals because it is not normally within the power of the government to impose obligations upon citizens. It is only by parliament that that can be done; and this bill is recommended to parliament to empower the governor in council to take by order in council such action as we might be required to take by a directive of the security council.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, the procedure in Canada in respect of this legislation has been somewhat similar to that taken by the parliament of the United Kingdom. This is another piece of legislation which has come from the other chamber for our attention. The same procedure was followed in the United Kingdom. Over there the debates showed clearly, as they took place on April 5, 1946, in the House of Commons at Westminster, that there was a unanimity of opinion which, in view of the present situation in the British House of Commons, is a matter of interest.

The Secretary of State for External Affairs (Mr. St. Laurent) referred to two sections of the charter of the united nations which deal with and bear upon the legislation now before us. Article 25 says:

> The members of the united nations agree to accept and carry out the decisions of the security council in accordance with the present charter.

And article 41 says:

> The security council may decide what measures not involving the use of armed force are to be employed to give effect to its decisions, and it may call upon the members of the united nations to apply such measures. These may include complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations.

The United Kingdom was the first nation with a constitution requiring such legislative action to pass this provision. During the debates in the House of Commons at Westminster, reference was made from time to time to the fact that they were pioneering.

In my view the legislation before us does not necessarily involve a question of principle, because we must remember that we are bound by the principle of the charter. It does, however, deal at length with the method to be employed, and which we intend to employ in carrying out the undertakings we have already given when we attached our signatures to the San Francisco charter. In the bill before us wide and sweeping powers are given the executive. Perhaps I need not place on record the language of the bill itself, because it is in the hands of hon. members. I understand that when the bill went to the other place it was even more sweeping in its characteristics than it is now. After considering it in their house and in a committee, the honourable members of the other place succeeded in changing, altering and restricting the penalties. But even now the bill is not quite as sweeping as the one passed by the United Kingdom parliament. There are some suggestions which I have to make, based upon those which received the sanction of that parliament and which, I think, could be properly applied and would, I believe, strengthen and better the legislation now before this chamber.

The restrictions in connection with penalties are not to be found in a corresponding way in the United Kingdom legislation. Under normal circumstances I think this house would rebel against the giving of such wide and sweeping powers to the executive at the present time. However, there are perhaps arguments which the government will want to use to the effect that this situation is different from the one we would normally face in the domestic field. May I say that whatever happens to this legislation, whatever sweeping powers are given under this legislation, it must not be considered as a precedent in the domestic field.

Several questions were raised in the other place with respect to the legislation. I cannot deal with them, but there is one thing I think the minister ought to answer. I should like him to make a note of this because it should be dealt with either on second reading or when the bill is in committee. I refer to the question which was raised with respect to dominion and provincial jurisdiction. This is a move in time of peace rather than in time of war, and the question was raised as to whether or not certain items in the legislation are beyond the purview of the dominion parliament to enact. There is nothing wrong

with raising that question. If we are to have the power in Canada, it must be constitutional power. I raise this question in order that the minister may reply later. The question arises as to whether or not international conventions signed by the government bind the Dominion of Canada including the provinces, or whether we might have to watch our step because of the privy council decisions in connection with the Bennett reform legislation passed in 1935. These are matters which deserve some attention and should be answered by the government.

One member in the other place referred to this bill as having teeth in it. I have not been able to find anything but false teeth in most of the enactments that have been passed by the united nations up to date. In all fairness and frankness, one has to admit that up to the present time there has not been much in the way of teeth in the heavily endowed organs of the new world organization.

While this bill went to a committee in the other place, we have had no full report from that committee. We should have the evidence which was considered, particularly when we are dealing with legislation such as this. Otherwise the Commons is going to be somewhat in the dark with respect to what has happened in connection with the examination of witnesses and the like.

I should like to ask the minister under what act such as this Canada had the right to apply sanctions under the old league of nations. I should like to know whether any such bill was passed and, if so, when? Our part in the sanctions of 1935 was not something that many Canadians can look back upon with any great degree of glowing pride. I think we all remember when statesmen in Canada, I suppose supported by public opinion, suggested that the Abyssinian dispute was not worth the life of a single Canadian soldier. Perhaps that was so; but whatever happened, whether it was the accumulation and combination of the Abyssinian and other disputes, finally we reached the position where we lost not just one single Canadian soldier but 39,500 in all branches of the services only a few years afterward. That gives one some idea of how we should look back upon these sanctions.

We had our experience before with economic sanctions and I took the trouble to look up the newspaper reports of 1935. When one could find news of the sanction problem among the returns from the general elections of that particular period he found something like the following, which appeared in the Ottawa *Journal* of November 4, 1935:

> The league of nations subcommittee on economic sanctions approved in principle today the Canadian proposal that petroleum, coal, iron and steel be added to the prohibited list—introduced Saturday by Doctor W. A. Riddell to committee of 18.

Then the Ottawa *Journal* of November 16, 1935, contained this:

> Canada moves in sanctions against Italy. Necessary order in council reported passed by government.

Then on December 2, 1935, the same paper stated that Mr. Riddell was silent on the stand that the government had taken, that only his personal opinions were represented and not the views of the Canadian government when he took the step he did in connection with oil sanctions against Italy. The *Standard* of London said:

> Canada makes news. Her government has repudiated responsibility for the proposed oil sanctions against Italy. Today's declaration indicates a big break in the ranks of the sanctionist nations.

We have travelled a long way since then. When we are speaking about the glowing future, it is always worth while to stop and take an inventory of the not too glorious past. That is why I have brought up the questions I have today. We have gone a long way since the day when a statesman representing Canada at the league of nations—it is really not so long ago—said that Canada was in a favoured position in that she lived in a fireproof house so far as world affairs were concerned. We have gone a long way since then, and it is a good job that we have. We have now reached the point where the house is being asked to give a body outside Canada, a body upon which there may not necessarily be Canadian representation, the right to sever our trade, our communications and our diplomatic relationships. The government is now asking parliament to give it the power to carry that out. It is not proper to raise grave questions about that at this moment, and I am not doing so. I am only indicating the distance to which parliament and the people of Canada appear to have gone. We are now agreeing to do the collective international bidding of other nations. By this legislation we give that obedience now, and in doing so I think we are making a significant move. Just as the question was asked in the United Kingdom parliament, we might here ask whether other nations throughout the world are giving this power as well.

Of course, our position in Canada is this, that the world is but a shrunken ball of its former self, and here we are sandwiched between two great centres of power with competing ideals and whose efforts at closer collaboration have not always been successful. I

think most of our people realize now that our property and our lives are perhaps more endangered by what happens from without than by what happens from within. It may be that between the last two wars when we took the isolationist stand we did we were greenhorns in diplomatic circles, but that does not entirely excuse us for what we did although it provides a pretty valuable lesson for what we should do at this time. Moreover, when we were taking the position we did we were travelling in pretty prominent isolationist company. I fancy that not only has Canada learned some lessons but the great republic to the south has learned some lessons too, and the events of very recent times have proven it, because the great republic to the south is now spending, not by the million but by the billion, on fire-ranging in various parts of the world in order to extinguish blazes which later might cost them as much if they actually got out of control, as they did in former times. Bearing that in mind, I suppose it is not to be wondered at that the Canadian people, the Canadian government and the Canadian parliament should find themselves digging deeper into the soil of world affairs than they ever did before.

I want to give this warning, Mr. Speaker. I wonder whether the Canadian people are keeping abreast of all this great movement into the international field which parliament and the government are taking.

Mr. BLACKMORE: They have not a chance.

Mr. GRAYDON: My hon. friend says they have not a chance and perhaps he is right. He is right very often about a number of things. It seems to me essential that parliament and the government and public opinion should form one great team in Canada, for otherwise, if one gets ahead of the other, a disastrous reaction might conceivably set in. That is one of the things I am so anxious about. I am hopeful that we in parliament who have from time to time been representatives of this country in the united nations organization are carrying with us public opinion, because, after all, if this is to be a peace that will be permanent, it has to be a peace supported by the peoples of the world, or otherwise it can never be a permanent peace, as I hope and pray it will be.

The surrender of sovereignty, upon which one of my hon. friends spoke so eloquently this afternoon, is something which touches vitally the very life of our people. It is so easy to talk about the surrender of sovereignty without knowing exactly what it means and without having experienced what it means. What our experience will be in the surrender of sovereignty is another matter for which perhaps I cannot answer. One sees examples of those who do not seem very anxious to give up their sovereignty, for I find, by the current issue of *Newsweek,* that the frankest passage in Gromyko's speech was this—as you know, Mr. Speaker, Gromyko is the soviet representative on the security council:

> The united nations is an organization of sovereign nations. The Soviet Union cannot agree that its national economy be made dependent on the will even of a majority of the control organ.

That, coming from one of the major powers in the world, is pretty difficult for us to understand, particularly in view of the fact that that great nation was one of those which had signed the charter in the first instance and is also protected by her veto on the security council.

Mr. COLDWELL: Did the hon. member notice the word "economy" in there? Is any other nation prepared to surrender its economic sovereignty?

Mr. GRAYDON: My hon. friend is, I think, on an entirely different tack from the one I am taking. I am trying to indicate that the soviet itself is not reaching out with any great degree of eagerness and enthusiasm to allow other nations to direct its policy and tell it what it is going to do, and I would not have been at all surprised if Mr. Gromyko had made an even franker declaration if he were not speaking in public.

The other point I would make is this. This is our first bill which recognizes the fact that our sovereignty is to be surrendered in the interests of world peace and the united nations organization. This is the first bill which actually implements that partial surrender of sovereignty. I think, too, that this bill means the gearing of ourselves to a new policy of more political surrender of national sovereignty to the united nations organization. It may be that many of us are not anxious to do that. It may be that some people look jealously upon our own rights so far as national sovereignty is concerned. But we signed the San Francisco charter with the overwhelming approval of the people as a whole. We signed what we are now purporting to implement so far as practical considerations are concerned.

One cannot look upon the economic sanctions end of our united nations work without thinking also of the collateral part, the military sanctions. The military sanctions and the staff committee's report to the security coun-

cil have been one of the most disappointing and discouraging things that I have heard or read since I have had anything to do with the united nations itself. It is not setting up an international army, navy or air force. It does not purport to do that. The report in fact says that, because there are so many of the big powers which have a veto and can say no, there is no use in having a large army, navy or air force at all. In other words, we are not even to have an international police force. We are just going to have a nice easy-going little body of truant officers to make sure that the little boys throughout the world will not cause any trouble. But, Mr. Speaker, when did the little boys cause any trouble without the help of the big ones? You will not have a world war started until you get the big boys in there. You will have no global conflict and no world war until the big boys join in, although it might be started on the pretext of a little boy having done something.

I look askance, I look with grave disappointment at the fact that we are apparently to have a toothless security council. That has many aspects that we do not always realize, because the whole question of national disarmament the world over is predicated on that very thing. There is not a single nation of the world that will disarm unless it is sure that its national security is to be guaranteed, and effectively guaranteed by somebody else or something else. If they cannot rely on anything more than a few truant officers in the security council there will never be any disarmament even on a minor scale in the world. That is one of the reasons why I look with such discouragement and disappointment upon the report of the military staff committee, because it might easily mean the beginning of an arms race again in the world, which most of us had hoped and prayed the united nations organization would obviate with its great structure for peace.

With respect to this particular bill, I must say that the United Kingdom are in a little different position from us. They have the veto so far as economic sanctions are concerned. We have none. Even if we are one of the non-permanent members of the security council, which we are not today, we shall not have any. Hon. members know what the veto means. I realize it is perhaps futile and hopeless to talk about it now. It was a compromise in the original instance, but you see what happens. You have five powers with the veto who can say that nothing will be done. That is what it means. Nothing will be done; you will not have economic sanction; you will not have international troops go into a country; in other words, they can paralyse the effort of the united nations organization. Any one of the five can do that. What happens? Every little power cultivates a big power for a friend. Why would they not? It is the most natural thing in the world because, unless they have a big power for a friend, then the united nations organization might conceivably go in with their international force, small as it might conceivably be. With all that comes a gathering around with each one of the big five as a core. There is a gathering around of nations. What does that mean? That means the old days of power blocs in the world again. That is one of the things that we in Canada must watch very carefully.

I wish to make another observation that has nothing to do with military matters in the ordinary sense. When the San Francisco charter was signed I thought there were dangerous loopholes in it. One of the major loopholes is perhaps this. While in various parts of the charter we had provisions for economic sanctions, in other parts of the charter we provided for armed forces to stop aggression. But all the time we were talking about military aggression. The charter was silent on perhaps what has become the most modern, perhaps the strongest and most effective, certainly the most insidious, kind of aggression. The charter did not cover the question of ideological aggression at all.

Mr. BLACKMORE: Or industrial aggression.

Mr. GRAYDON: I shall be glad to have my hon. friend add to my speech because he can always make it better by doing so. But I wish to say that it would have been more to the point if some way could have been found whereby the united nations could apply some kind of sanctions to the ideological aggression which is so evident and so much abroad in the world today. It is not armed aggression, but it has the germs of provocation which, I hope, will not lead to armed aggression in the days that lie ahead, although there are certainly chances for that situation arising.

I hope that this bill will be carefully considered, not just on second reading. We are prepared to recommend second reading for the purpose of having it go before the external affairs committee. There are some parts of it that ought to go before that committee. Following the procedure which was adopted in the other house, I make this plea to the minister. In view of the fact that no evidence is available to us from the other place, the bill ought to be sent to a standing committee of the house. When that is done I hope that

the government will give consideration to one or two matters which occurred to me as being important in connection with strengthening the bill. It is so important that I think the government ought to give some undertaking, so far as it can do so, that in serious cases, while parliament is sitting, the government will not unnecessarily avail itself of the wide and sweeping powers contained in the emergency legislation with which it is now clothed. I realize, and so does the government, that time may be of the essence so far as these matters are concerned. So far as I am personally concerned, I am not going to withhold from the government the right to act quickly if an emergency arises, because minutes and not hours may be the deciding factor with respect to sanctions. More than that, the government ought to do what the United Kingdom did, namely, not to wait for fifteen days or whatever the act calls for in regard to the time of tabling the order in council when parliament is sitting. If parliament is sitting the order in council should be laid on the table forthwith. That is what is done in the British house, and we could do no better than to follow the precedent that they have set.

The question of penalties ought to be thoroughly reviewed and considered. Those are matters that can be left to the good judgment of the standing committee on external affairs if the government sees fit to refer the bill to that body. In that committee we must see what practical factors are involved so far as the Canadian people are concerned. We must know that because it is essential. While some people may be carried off their feet by the onrushing winds of cloudy sentimentality, the nations of the world are beginning to be more realistic about the whole question of peace. We should make sure that we are applying common-sense Canadianism to world problems of today.

I also wish to mention what was referred to in one of the debates in the British house when a similar bill was before parliament there. It is something which we can take to heart ourselves. Let us not play with the question of the united nations and peace. So often—and I do not say this necessarily about any party or group in the house—we are somewhat hypocritical. Let us not be hypocritical about the whole question of peace and what it means. Very often we talk one way and when it comes down to the hard cold facts we want to talk in another way. We cannot have our cake and eat it. I suggest that we have a policy of economic sanctions which is not the type of policy that the Canadian government repudiated in 1935, but a policy that, to use the words of a British statesman in the house when the debate was in progress, cannot be characterized as all bark and no bite.

I believe that many hon. members will be glad to endorse and approve this legislation, because Canada cannot stay out of a great structure of economic sanctions, since this nation must never leave itself in the position, so far as an offending nation is concerned, of being an international bootlegger in any sense of the term. That is not our role. It is not the kind of role Canada has played up to date or intends to play in the years that lie ahead.

Let me say this in conclusion. Either we mean business in this international fight to keep the peace, or we do not. If we do, then let us shoulder our full responsibility. If we do not, let us not be hypocritical but rather abandon the whole thing now.

I believe I speak for everyone in our party in this house when I say that I for one want Canada to pull her full weight and, having that definitely in mind, I will support this legislation for the reasons I mentioned a few moments ago.

Mr. M. J. COLDWELL (Rosetown-Biggar): This piece of legislation is something we are obligated to adopt, and I think the suggestion of the hon. member for Peel (Mr. Graydon), that the matter be considered by the committee on external affairs, is one which the government might well accept.

When I look at the charter of the united nations I realize to what an extent article 41 is intended to carry out the intention of the preamble:

> We the peoples of the united nations, determined to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind—

—obligate ourselves to do certain things. We obligate ourselves—

> —to unite our strength to maintain international peace and security, and to ensure, by the acceptance of principles and the institution of methods, that armed force shall not be used, save in the common interest.

The article we are now discussing places in the hands of the security council a means whereby it is hoped that the subsequent use of armed force may be avoided. Consequently it is an article of the united nations charter which should command the support of all parties in this house.

I listened with a great deal of interest to the hon. member for Peel as he discussed the question of sovereignty. I do not regard our

adherence to the united nations as in any way involving our surrender of sovereignty. To my mind, what it actually does is to extend our sovereignty far beyond our own borders, extending it into affairs where otherwise we might have no voice and might not be able to help to determine policy which might involve us in disastrous results in the years to come.

The very fact that we are a member of the united nations, though at the moment we are not a member of the security council, does give us an extension of our sovereignty over matters about which we would have no say and in which, at least, we would have no determining voice. And so this article 41 of the charter gives us a right to participate in measures that may be necessary in order to prevent the involvement of all other countries and our own in a worldwide war.

I do not think any of us in this house, whether we have seen the united nations in operation or not, and have followed the work of the security council and other organs of the united nations, can say that so far the organization has measured up to what those of us who were in San Francisco hoped it would attain. But in spite of all the criticisms that might be levelled against the united nations organization, one is inclined to ask the critics: What do you suggest that could take its place? That is the crucial question. What is there that could be devised which at this moment would take it place?

I hope that one day we may reach the stage foreshadowed by the prophets of old when we may beat our swords into ploughshares, when the lion may lie down with the lamb, and when we may live together as a great brotherhood, under some kind of federation or parliament of man. But the parliament of man is a long way off. I believe it is possible through an organization, even as we have set it up at the present time, to look forward to its ending the possibility of armed conflict among the peoples. I say, armed conflict, because I agree with the hon. member for Peel that there are two kinds of struggle. There is also the ideological struggle, but I would say to him that I know of no way in which it would be possible to prevent the flow of ideas across the world, which are at the root of the ideological struggle; and my reliance, as far as the ideological struggle is concerned, is upon the belief that the democratic way, democratic methods of self-government, will enable our people to do all those things which are necessary to improve our standards of living, and so on, so that ultimately the ideology of freedom, in the political and in the economic sphere, will be attained and safeguarded because of its rightness and its power.

May I ask that you call it six o'clock, Mr. Speaker.

Mr. MACKENZIE: May I have the consent of the house to say this. Several members have asked about the resumption of the budget debate. The debate will be resumed tomorrow afternoon, and we most earnestly ask for the cooperation of all parties to conclude it tomorrow.

Mr. GREEN: Will the discussion of the resolutions follow?

Mr. MACKENZIE: Immediately.

Mr. GRAYDON: And continue until finished?

Mr. MACKENZIE: Yes.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. COLDWELL: Before six o'clock, I was discussing article 41 of the charter of the united nations, and had remarked that we could not draw a curtain across the world and prevent ideas from flowing in various directions; nor should we seek to do so. I know the feeling of the various delegates who were present at the meeting of the united nations in New York last autumn, and before that in London and San Francisco, was the feeling expressed by Mrs. Roosevelt on one occasion, when she said of her work on the economic and social council that it was the most exasperating thing in the world.

We know we have to arrive at understandings with the country that in the last twenty-five years has emerged as a great world power. I refer to Russia. They do not understand our approach to the problems which confront the world, nor do we understand their approach. I sometimes think we could learn a lesson from our own history. After all, for years they were more or less outlawed among the nations, and the treatment we accorded them between the wars accounts in no small measure for the distrust and suspicion they now feel with regard to us. Except for some of their top leaders, and incidentally very few of them, none of the Russians has had any close contact either with the outside world or with the ideas we represent. I think we have to bear in mind that they came into power after a revolution

which they had fomented by all possible means, including widespread conspiracy. If we know the history of revolutions I think we shall realize that for a period after a revolution the ideas which brought it about and the methods by which the revolution was made successful are the methods that follow a revolution. Even in our own British history, if you go back to the Stuart period you find the overthrow of Charles; Cromwell; then the restoration; the coming of James; the overthrow of James, and so on. All during that period you find a history of intolerance that seems to be common to revolutionary and post-revolutionary periods. Similar experiences, to a degree, followed the French revolution. And we have to bear in mind that on the foundation which was built up prior to and following the revolution is imposed a philosophy of Marxism, applied to the Russian situation. I think all this accounts for a great many of the difficulties with which the world is faced today. After all, the Soviet Union is a young nation in the field of the world diplomacy, and her leaders have not had the experience and training the leaders of the western nations have had. So I feel keenly that, while we must stand firmly by our democratic principles and traditions, we should endeavour at all times and everywhere to understand the background of the people with whom we are trying to come to an understanding at the present time. It seems to me, if we can do that, we shall be moving a long way toward a better understanding in the world.

This article 41 of the charter gives the security council certain powers, including the power to take measures exclusive of war, and commits us to participation in those measures. I hope we shall never have to use any of the enforcement measures provided in the charter. We may have to do so, but I hope not. In any event, I think it is wise, considering the state in which the world is now, that we should be properly prepared to do whatever may be necessary in order to promote peace, first, and prevent war if war is threatened, and to put down aggression should aggression occur. I sometimes think the people of today are unaware of the difficulty which faces mankind, and the threat which overshadows the world. When we think of the new weapons of war, and particularly the atomic weapons, we begin to realize that if war did come there are only two countries which conceivably could participate in such a war. Those nations are, of course, the United States and Russia; and neither, except for destroying the centres of population of the other, could achieve a successful invasion or the conquest of the other. Perhaps that realization on the part of both may be one of the factors which will enable the world to preserve peace. No one can gain from the type of war that will come if the united nations organization fails. As I said this afternoon, while we may be some distance from any form of world government, world government must come if we are to have universal peace some time. I do not expect that will come in my lifetime or in the lifetime of hon. members of this House of Commons, though we strive to that end, but at least we have, within the united nations, an organization which may be a foundation upon which permanent peace can be built.

As far as Canada's part in this political and ideological struggle is concerned, I think we should take the middle view, the view that is being taken by the western European people and the people of Great Britain; that, instead of inflaming public opinion against the United States on the one hand or against Russia on the other, we should do all we can —and I think Canada can do a great deal— to bring about an understanding between these two great powers and among the united nations. As I said once before in the house, I was pleased that the head of the Canadian delegation, the Secretary of State for External Affairs (Mr. St. Laurent), was the first delegate at New York, at the second part of the first session of the assembly, to draw to the attention of the assembled nations the fact that we had not yet laid the foundations of security enforcement, if I may put it in that way; for Canada, and particularly those nations which are not the so-called great nations, have a tremendous stake in seeing to it that the security council operates without war.

As the leader of our delegation said in New York, unless we can devote to the building of homes and the improvement of the conditions of life of our people in our countries the amount we shall be compelled to devote for defensive purposes, and unless we are able to make this charter effective, we cannot in the days to come improve our standard of living as we would like to improve it. Instead of, as our people thought as they were fighting the war, and when the war ended, our being on the threshold of a newer and better age, we may sink down into the depths of despair and misery. That will be the result, unless we can make this organization work.

So I wanted to say tonight that we must try to bring about better understanding among nations, and particularly between the two giants which emerged from this war. I know it is exceedingly difficult to get our point of view into the Soviet Union; and

sometimes I feel that perhaps the point of view of the Soviet union is not always placed accurately before our own people. One had only to be at those conferences to realize that very often the reports published, and particularly those in some sections of the United States press, with respect to discussions which took place in the various committees and the assembly gave a most distorted picture of what actually occurred in the discussions.

So far as the article and the bill before us are concerned, let me say that we support the bill because we believe it is another step in the promotion of peace and in Canada's support of the only organization to which we can look at this time for the preservation of peace in the world.

And I say to those critics of the united nations, and of the united nations charter, that when they criticize they should be prepared to say what they have to offer the world in its place. If there is nothing else, then it seems to me the best thing to do is to support what we have. It may not be as effective as we would like it to be; nevertheless I believe it is a step forward. Though it may be a difficult step, and may sometimes appear to a great many people, a feeble step, yet it is a step we ourselves should take with the rest of the world.

Therefore I say, Mr. Speaker, that we support the second reading of the bill.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, I find it difficult to imagine all the things which are involved or which might be involved in Bill No. 132. What I find considerably more important, and perhaps embarrassing, is that I have not as yet been able to envision all the purposes for which the provisions of the bill might be used. I consider it my duty to find out these things before I say whether I will support the bill or not. There are implications in it which I certainly do not like. It may be that my fears are not well founded, but that can be known only after I have given the bill the most thorough investigation.

I will challenge anybody who has not been a participant in the sessions of the united nations to say at this stage just what is implied in the provisions of the bill.

Mr. BLACKMORE: Even they cannot do it.

Mr. LOW: I am afraid I must agree with what the hon. member for Lethbridge (Mr. Blackmore) has said. Many things have been said in this debate—and it has been short, it is true—about peace, and about putting teeth into international legislation to ensure peace. I listened with keen attention to the hon. member for Peel (Mr. Graydon) and also to the hon. member for Rosetown-Biggar (Mr. Coldwell).

I must say that the group which I represent, and for which I certainly am speaking at this time, will take second place to no group in its desire for world peace. We are sincere in our desire for that condition. But I must say further that we take a realistic position with respect to the means by which peace shall be achieved.

Let me remind the house that peace does not stem from statutes, from sanctions exercised upon people, or from coercion. Peace resides in and springs from the hearts of men. The will to peace has to be cultivated in the hearts of men. The only satisfactory condition for world peace is that which can be found in finding out, by careful study and investigation what the causes of war are, and then removing them at the earliest possible time.

I would feel much happier about the united nations and the work it has done if I could have seen it giving much more of its time to a study of the causes of war, instead of watching it giving its undivided attention to other aspects of international relations such as force or sanctions, or ways of divesting nations of their sovereignty—which, in itself, I remind hon. members, is very often a cause of war.

I believe that the provisions of Bill No. 132 may have such far-reaching results that we, as responsible representatives of the people, should exercise the greatest care in becoming thoroughly informed about it, and about what it provides for. Further than that, I think we should do everything we can to see that the Canadian people are made fully aware of its implications.

I know there is widespread anxiety not only here in Canada but elsewhere in the world about the effectiveness of the united nations, about whether or not the united nations will be able to achieve what it set out to achieve, namely world peace. I find, as I talk to people wherever I go, that they have not much knowledge about it; they have not much information.

I recall that back in 1945 when the house was debating the united nations charter, and whether parliament should approve Canada's participation in the united nations, I pointed out what I believed were some of the dangers and some of the weaknesses in the charter. I suggested then that the only way the united nations could possibly be successful would be to have the undivided support of the people, not only of this country, but of every other

country in the world participating in it. I suggested at that time that one means of mobilizing that support would be by means of the radio. In Canada we had the network of the Canadian Broadcasting Corporation stretching across Canada, and we should have given over that radio network every bit of information it was possible to gather about the united nations, so as to allow the people to measure its possibilities, to judge of it and to get to understand it. I say once more that the most effective motive force for any organization designed to bring about world peace, such as the united nations, must come from the awakened conscience of the people. We cannot expect to impose peace by sanction or statute; it must come out of the people. I am concerned about getting information to the people, and I suggest that one of the best ways of informing the public is to have this bill go before the standing committee on external affairs. I support that suggestion whole-heartedly. I spoke to the minister about it the other day and he suggested he would give it consideration. I hope he has given it that consideration and will be ready to move that the bill be sent to the committee where we can examine witnesses, where representatives of the press can be present to give publicity to the information that may be brought out.

I understand that this bill was referred to the standing committee on external affairs in the other place but I searched everywhere for the proceedings of that committee and I was very much disappointed to find that such an important measure should be discussed and investigated without any record of the committee's proceedings being kept. I voice this in criticism of that other place. If they are to justify their existence surely it is their responsibility to provide a record of their proceedings, especially in connection with a matter of such importance as this bill and others that originate in that place and are sent here for our consideration. I believe I speak for my group when I say that we want to know all that it is possible to know about the bill and its implications before we can say whether or not we will support it. I have serious doubts as to whether it does not run afoul of provincial rights, and I believe the hon. member for Peel (Mr. Graydon) suggested the same fears. I wonder if the minister, when he is making his rebuttal, will set our minds at rest on that point? This and many other questions ought to be fully investigated before hon. members attempt to express their judgment on the bill. Therefore I suggest that the Secretary of State for External Affairs give us the assurance that it will be sent to the committee on external affairs.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I was hopeful that we would hear tonight a real formula for peace when the leader of the C.C.F. (Mr. Coldwell) said that we should beat our swords into ploughshares and our spears into pruning hooks. He should have gone on and given us a real formula for peace, but he did not. I am not one who claims that you can have an abiding peace on an economic and social security foundation, because foundations of that kind change with the country in which you live. If the leader of the C.C.F. had gone on a little farther with his quoting of Isaiah he would have found that even away back in Isaiah's time it was found that the foundation for the cure of war was to be found in the Prince of Peace. As Paul said, other foundations can no man lay. You can have all the money you could possibly use; you can have all the things you could possibly be surrounded with, but if you have not the source of peace in the individual heart you are not going to have peace in the nation. You can have that peace only by building on the one foundation. When the nations of the world come to that understanding, then we shall have peace at home and we shall have peace abroad.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, before the house finishes with this matter, there are several things which I consider it my duty to bring to the attention of the house. The hon. member for Rosetown-Biggar (Mr. Coldwell) asked a question which I believe had a considerable effect upon hon. members. He asked: What have we to put in the place of the united nations? I should like to be granted the indulgence of the house for a while to say something concerning that matter. I think the hon. member for Fort William (Mr. McIvor) put his finger on the root of the whole situation. I do not recall his exact words, but the thought I got from them was this: It is just as foolish to try to build an edifice to guarantee the peace of the world on unsound, unstable and unsatisfactory foundations economically and socially as it would be to try to build a New York sky-scraper on a bed of quicksand. The economic and social foundations which exist among men today are just as unstable and treacherous as a bed of quicksand. The objection which I have taken to this whole united nations situation since early 1945 has been based on the ground that no adequate attention has been given to these economic and social foundations

which are so treacherous and which have caused such terrible trouble in the world during the last forty years.

I should like to draw the attention of hon. members to some matters which are very serious. Some of the material which I propose to present to the house tonight I have had in my hands for a year and a half. I have been doubtful as to whether or not I should put it on *Hansard*; but I have a feeling that the time has come to put some of this important material on the record so that it can be considered when this bill is being considered. This bill is supposed to be a measure to strengthen the united nations, the object being to enable the world to have peace. Let us examine the whole thing in the light of some of these facts.

First, as the hon. member for Peace River (Mr. Low) said, let us find the cause of war. We do not need to go back any farther than the war from which we have just emerged. What caused that war? I am going into this in an effort to find out whether the thing we have established as the united nations has even a ghost's chance of dealing with the cause of war and preventing war. The hon. member for Peel (Mr. Graydon) and the hon. member for Rosetown-Biggar both expressed dissatisfaction with what has happened as regards the united nations up to the present time. There is a fundamental reason for the failure of that organization.

Why is Russia taking such a strong stand in the whole matter of the united nations? I am afraid it is done for two reasons. In the first place, the Russians seem to know more about essential fundamentals in trade than we seem to be able to get through our heads. Next, the Russians are not afraid to tell the truth and face the facts when they know them, and it seems to me that a good many of our people are afraid to tell the truth and face the facts.

What caused world war II? Let me turn to what brought Japan and the United States into conflict in the last world war. I shall have to refer to some documents to show what brought them to clash, but briefly I would say it was the fact that the United States insisted that the most favoured nation clause should apply to herself and Japan. Japan knew that if the most favoured nation clause were established as a fundamental basis for trade relations between herself and the United States, the economic existence of Japan would be rendered an impossibility; and so they fought. I believe I can adduce evidence which will satisfy every hon. member, or at least it will give him food for thought. I turn, first of all, to the document of November 26, 1941, a statement by Cordell Hull to the Japanese ambassador while they were negotiating. There is every indication in the words which were used that the Japanese were struggling even at that late date to avoid the calamity of war. I read from clause 4 of section 1 of the document—as usual the people who know all about these things are not listening. The second paragraph of the clause reads:

The government of Japan—

It is the United States speaking.

—and the government of the United States have agreed that toward eliminating chronic political instability, preventing recurrent economic collapse, and providing a basis for peace, they will actively support and practically apply the following principles in their economic relations with each other and with other nations and peoples:

(1) The principle of non-discrimination in international commercial relations.

(2) The principle of international economic cooperation and abolition of extreme nationalism as expressed in excessive trade restrictions.

(3) The principle of non-discriminatory access by all nations to raw material supplies.

(4) The principle of full protection of the interests of consuming countries and populations as regards the operation of international commodity agreements.

(5) The principle of establishment of such institutions and arrangements of international finance—

Think of Bretton Woods!

—as may lend aid to the essential enterprises and the continuous development of all countries and may permit payments through processes of trade consonant with the welfare of all countries.

May I just point out to the members of the house how familiar those words sound in our ears—in our ears who have read the Dumbarton Oaks conference report and the Bretton Woods conference report. What the United States was insisting on in effect was the establishment practically of those two sets of proposals; and it was because Japan could not possibly accept those conditions that she resisted even by war.

Now I quote a little further on from the same document, clause 6 of section 2:

The government of the United States and the government of Japan will enter into negotiations for the conclusion between the United States and Japan of a trade agreement, based upon reciprocal most-favoured-nation treatment and reduction of trade barriers by both countries, including an undertaking by the United States to bind raw silk on the free list.

Now, Mr. Speaker and hon. members, it stands out as clear as the sun in a cloudless sky that what the United States insisted on was the most favoured nation clause. Have

you heard any word from the hon. member for Rosetown-Biggar (Mr. Coldwell) concerning that matter? Have you heard a single word from the member for Peel (Mr. Graydon) concerning that matter? Have you heard a single word from any member of the Liberal party concerning that matter? Why is it there has been no discussion in this house of the cause of the last war? Can you imagine any hon. member of this house who is a medical doctor undertaking to cure a disease before he diagnoses the cause?

An hon. MEMBER: They often do.

Some hon. MEMBERS: Yes.

Mr. BLACKMORE: We in this house and apparently in all the legislatures in all parts of the British commonwealth have been setting about to find a cure for the ills that afflict this generation and which resulted in two wars without giving any attention to the cause. No wonder the united nations arrangement is a disappointment—no wonder! And now it is proposed that this house put through a measure which is supposed to put teeth into the security council, which is to be guided in its thinking and its operations in this world by a group of men who apparently know nothing whatsoever about the causes of war and are in no way disposed to remove those causes, people apparently who are intent upon trying to deal with symptoms instead of the causes of disease.

I should like to say just a word about the people in the other place. I wanted to rise and ask the hon. member for Peel a question this afternoon while he was speaking, but I feared I might throw him off his line of thought. I wanted to ask him this question: Where did he suppose the other place got this measure we now are discussing? Where did it come from? Did some member of the other place draft this bill? Who put it into the hands of the members in the other place? And who was the member in the other place who sponsored this bill and supported it? No wonder the hearings of the committee that investigated this bill were never printed! And here we are sitting here and paying no attention to important matters like that. Where was this bill drafted—in Canada or in the United States? That is important. The hon. member for Peel this afternoon almost let the cat out of the bag when he said that certain senators "were able to get certain changes." This bill was supposed to originate with the members of the other place. Yet the members of the other place had to struggle apparently to get changes in the bill! Surely the members of this house are not going to go into this thing with their eyes closed! Surely there is the handwriting on the wall! Surely there is ample cause for suspicion and anxiety in a procedure like that!

Let me go forward with the cause of world war II. I come now to what the Japanese say, just to show whether what I have indicated, was actually the cause of the war. Here is the reply which the Japanese ambassador put into the hands of the United States government. I am quoting from subclause 1 of clause 4 of the document put into the hands of the United States government at 2.20 p.m. on December 7, 1941:

> The American government advocates in the name of world peace those principles favourable to it and urges upon the Japanese government the acceptance thereof. The peace of the world may be brought about only by discovering a mutually acceptable formula through recognition of the reality of the situation and mutual appreciation of one another's position. An attitude such as ignores realities and imposes one's selfish views upon others will scarcely serve the purpose of facilitating the consummation of negotiations.

That is so beautifully put, so humbly put, so clearly and so tersely put, that it is like a cry of anguish.

Mr. COTE (Matapedia-Matane): I suppose Pearl Harbor happened under those terms.

Mr. BLACKMORE: If the hon. member will listen and not talk he will learn a lot. He is going to learn a whole lot more if he can only keep himself quiet. All he knows about the cause of the last war could be put in a nutshell.

Mr. COTE (Matapedia-Matane): Are we to take the word of the Japanese for it?

Mr. BLACKMORE: The hon. member needs to keep himself quiet and patient. I am not asking him to take anybody's word. He can draw his own conclusions. He has intelligence; let him use it.

The hon. member raised the question of what the Japanese said. I challenge the hon. member to show that what is stated in my quotation from the Japanese note is not exactly what the United States is doing today over in Geneva. I challenge him to show that that is not exactly the purpose of Bretton Woods; that that is not exactly the purpose of Dumbarton Oaks and that it is not exactly the purpose of the San Francisco conference and the united nations agreement. I challenge any hon. member who thinks he can answer the challenge. I would advise him to get himself well prepared before he attempts it.

Mr. MACKENZIE: May I raise a question of order? The hon. member has made some

allegations and statements in regard to procedure with reference to the present legislation. I want to assure him that this was considered by the elected members of the government of Canada who represent democracy in Canada. Purely on the question of expedition this legislation was sent, as we sometimes do, to the other house to be referred back to this house. The hon. member is talking the most crazy nonsense I ever heard in the house.

Mr. BLACKMORE: All I have to say is that if this was originated by the administration in Canada it stands as one of the most potent condemnations—

Mr. MACKENZIE: And responsible to the house.

Mr. BLACKMORE: —of the administration of Canada that can be conceived.

Mr. MACKENZIE: All right; try to defeat it.

Mr. BLACKMORE: I am not afraid to meet my hon. friend, but I do not want smart alec or ignorant remarks; I want hon. members who think they can answer my arguments to produce documents in proof of what they are saying as I am doing. It will require documents to answer what I am saying.

Mr. SPEAKER: Order. I should like to suggest to the hon. member who has the floor that he confine his remarks to the general principle of the bill which is before the house. The purpose of this bill is to empower the government of Canada to carry out the obligations of Canada under section 41 of the charter of the united nations signed at San Francisco on June 26, 1945. I would ask the hon. gentleman to confine his remarks to the principle of the bill.

Mr. BLACKMORE: Mr. Speaker, up to the present time no hon. member who has thus far spoken has spoken on the principle of the bill. I do not think anybody knows just what the principle is. In a general way, so far as I can gather, the principle of the bill is that we are putting tremendous powers in the hands of an organization with a policy we know nothing about, an organization which we can in no way make responsible to this parliament, the security council, an organization concerning the personnel of which we know nothing and over which we can exercise no influence; and yet we propose to put almost limitless power into the hands of that organization to perform in Canada. I am raising the question as to whether we can afford to do that, considering all the facts which I am adducing. Therefore, Mr. Speaker, I maintain that I am speaking exactly on the principle of the bill.

May I read the closing remarks of the aforementioned Japanese answer to the United States:

Thus, the earnest hope of the Japanese government to adjust Japanese-American relations and to preserve and promote the peace of the Pacific through cooperation with the American government has finally been lost.

The Japanese government regrets to have to notify hereby the American government that in view of the attitude of the American government it cannot but consider that it is impossible to reach an agreement through further negotiations.

Which, Mr. Speaker, as clearly as words can convey, indicates to us what caused world war II. Yet not a word is said about that cause or how to remove it. The assumption is that Japan was only foolish, just as we contended that Hitler was a madman—

Mr. MITCHELL: Was he not?

Mr. BLACKMORE: Great states do not go to war on pretexts like that. States of well nigh hundreds of millions of people do not take fearful risks just because they have whims or happen to be led by madmen. Why, surely, two terrible wars within the very lives of most of us must have impressed that on our minds. There is a fundamental cause somewhere. What is the cause?

An hon. MEMBER: Russia.

Mr. BLACKMORE: Two documents from which I have read excerpts indicate clearly what was the cause of the last war.

Mr. Speaker, I could go on, but I am half afraid that I am devoting too much time to this. I shall, however, read what Cordell Hull said on December 7, 1941, after he read the Japanese document from which I have quoted. I will maintain that no hon. member who will read through the Japanese statement carefully and in an unbiased manner would be unimpressed by the realism of the Japanese statement and the moderation of the words. He will be impressed by it.

After the American Secretary of State read two or three pages he asked the ambassador whether this document was presented under instructions of the Japanese government. The ambassador replied that it was. The secretary as soon as he had finished reading the document, turned to the Japanese ambassador and said:

"I must say that in all my conversations with you during the last nine months I have never uttered one word of untruth. This is borne out absolutely by the record. In all my fifty years of public service I have never seen a document that was more crowded with infamous falsehoods and distortions on a scale so huge that I never imagined until today that any government on this planet was capable of uttering them."

Some hon. MEMBERS: Hear, hear.

Mr. BLACKMORE: Hon. members applaud Cordell Hull's remarks. That is the reaction of men who do not know. Now hear the reaction of a man who does know. Hear now the statement of a man who knows realities concerning international trade. The Japanese statement to which Cordell Hull in those words so slightingly referred is correct and accurate in every phrase.

Mr. IRVINE: What was the date of this document?

Mr. BLACKMORE: December 7, 1941.

Mr. IRVINE: Was not the last war in progress at that time?

Mr. BLACKMORE: That is right, but it was not known at the time. It does not alter the truth of the remarks that are made. I know what is in the hon. member's mind. I am glad he brought it up. I had hoped that someone would. The question will be raised, had not the Japanese made up their minds to fight? I am going to read another document which will satisfy hon. members on that question. The question would be, did the Japanese just make up their minds to conquer the world?

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member.

Mr. BLACKMORE: Will you please speak loud enough, Mr. Speaker, for me to hear you.

Mr. SPEAKER: The hon. member's remarks are not relevant to the bill which is before the house at this time. If he reads the bill and the explanatory note the hon. member will realize that his remarks are not relevant to the bill which is before the house. If he does not confine his remarks to the general principle of the bill I shall have to ask him to resume his seat.

Mr. BLACKMORE: I certainly do not want to come in conflict with Your Honour, but I wish to say to you and to hon. members that the things I am saying have a more potent bearing on the subject matter of the discussion than any other material that can be brought before them tonight.

Mr. SPEAKER: Order.

Mr. BLACKMORE: The astounding thing is that hon. members can talk any kind of claptrap in the house and get away with it, but the minute any hon. member attempts to deal with realities he is not permitted to do so.

Mr. SPEAKER: Order. I did not say that the hon. member's remarks were not important; I say they are not relevant to the general principle of the bill. I am sorry, but the hon. member will have to confine his remarks to the principle of the bill as the rules require that they should.

Mr. BLACKMORE: I shall have to refer only to the statement that I was going to make. I ask hon. members who are interested —and everybody in the house is vitally interested—to get the report of the United States Army Pearl Harbor Board issued October 20, 1944, and published on August 29, 1945, —it will be in the New York *Times* in our library—and read the conclusions especially No. 1 of C (Responsibilities). There they will find the following:

> However, war with Japan was inevitable and imminent because of irreconcilable disagreements between the Japanese empire and the American government.

Mr. Speaker, the main "irreconcilable disagreement" was over the most-favoured-nation clause.

An hon. MEMBER: What has that to do with the bill?

Mr. BLACKMORE: It has a great deal to do with it, because the bill is supposed to deal with an organization that is supposed to prevent war. My argument is that it is just utterly futile to think you can prevent war when you do not take any means to remove the cause of war. Therefore the first thing you have to do is to find the cause.

I am going to pass on from there to another aspect of the matter. I am afraid I shall not be permitted to read another most important passage. I will merely refer to it, because I know a good many hon. members will want to read it. There is an excellent book written by Colonel L. S. Amery, who was in the British war cabinet and who certainly knew about matters of trade. There is no man in the British empire who knows more about such things than the Right Hon. L. S. Amery, C.H. He wrote a book called the "Washington Loan Arrangements".

An hon. MEMBER: Is he a brother of the spy?

Mr. BLACKMORE: Those who read *Hansard* will realize what sort of silly, non-essential remarks a member has to deal with when he tries to discuss a serious matter in this house.

In this book, the "Washington Loan Agreements", which is right on the cause of war and right on the problems of peace, right up to date, was published in February, 1946. There is a copy in the library; I urge hon. members to read it. I would refer them to the introduction at page 5, starting with paragraph 2, "What we are entitled to object to," and reading right through to page 8 at the end of the second paragraph to the words "of our national economic policy." In that statement

the Right Hon. L. S. Amery points out that the United States is still following exactly the same policy which precipitated the war between herself and Japan, the policy which rendered it utterly impossible to avoid that conflict. With the United States pursuing that policy, do we sit in this house and imagine that we can gain world peace by establishing an organization to take away the sovereignty of the British nations? Surely we cannot be deluded to that extent!

The hon. member for Rosetown-Biggar, speaking of the UNO, asked this question: what can we put in its place? Since he has asked the question, I presume you will permit me, Mr. Speaker, to answer it. If not, I will refrain from further speech. I would, however, lay down what we can do to replace the iniquitous united nations arrangement. I say to hon. members that, as the days go by, they will find the united nations organization less and less valuable, more and more disappointing, as regards its ability to prevent war. But they will find that something horrible and insidious will develop increasingly among them due to its powers to influence the life of this nation and to clutter up its activities, impairing its freedom of action, and in various other ways making it impossible for us to be prosperous or to prepare for and to fight the next war. They will find that happening to a degree which will simply sicken them in every fibre of their being.

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

Mr. BLACKMORE: As many as you like.

Mr. MACKENZIE: Does the hon. gentleman agree with the policies of the Right Hon. L. S. Amery in regard to the dominions, to the commonwealth and to India?

Mr. BLACKMORE: In answer to the right hon. member I would say that the question he has asked has nothing to do with the matter and, if I were to discuss it in connection with this bill, I would be out of order. However I would ask the right hon. member to do this. I hope he has read the book. If he has not, I would ask him to read the passages I have indicated in the "Washington Loan Agreement".

Mr. MACKENZIE: I have read it.

Mr. BLACKMORE: I would ask him then to be prepared at any time to discuss the matter with me—

Mr. MACKENZIE: I am ready right now.

Mr. BLACKMORE: —and I will answer him point by point. I will challenge him to discuss with me, point after point, every statement that the Right Hon. L. S. Amery makes in those passages to which I have referred and show me where Amery is wrong. He cannot do so. Instead, I will prove to him that Amery is right, and I will do so by reference to what is going on in Geneva, where the United States is trying to beat down the British preferential tariff, which is the only means available to us of protecting our economy in the British commonwealth. The United States, I say, is doing everything in its power to break down that economy, to destroy it. Let the minister prepare himself and, if he can, challenge the statement I have just made.

Mr. MACKENZIE: I do so now.

Mr. BLACKMORE: Wait until we get a good chance in committee and I will take the right hon. gentleman right to the floor, when he will get the finest spanking he has ever had in his life.

May I turn now to the question of what to do instead of having the united nations organization. The hon. member for Rosetown-Biggar despairs about it. He seems to think that if it fails we shall have the atomic bomb on us, and all the other horrible things he fears. Well, in the last war we could have used gas and utterly destroyed the world, but we did not; we could have waged bacterial warfare and utterly destroyed mankind, but we did not. I presume in the next world war we shall have the atomic bomb, which could be used then to destroy the peoples of the world, but we shall not use it. People have too much fun fighting and killing one another to kill themselves off completely. They will not do that. The hon. member need not despair so much. If, however, the fundamental causes of war are not removed, men will fight, no matter what they fight with, whether it be atomic bombs or their teeth or fingernails, because they will have to fight in order to live.

The hon. member asks what we could do to replace the U.N.O. The other night I made a speech on this question. I know I shall not be allowed to read from it now, but I would refer hon. members to the remarks I made on May 16, as recorded at page 3170 of *Hansard*, where I answered that question in the speech I then made. I pointed out that it would be perfectly feasible to organize the nations of good will in the world under an organization like the British commonwealth, in which every nation has its sovereignty, but in which every nation, because of a common purpose and understanding, will stand together with the rest in order to accomplish great ends.

There is not a nation in the world, as far as I know, that would not join such an organization if the matter were put plainly before it. As I pointed out the other night, this is the kind of thing that Anthony Eden advised. Let us have an organization built upon a blueprint after the fashion of the British commonwealth. He certainly did not imply any support of the monstrous organization that was erected in the united nations organization, or such a horrible engine as the security council, which threatens to deprive the nations of their sovereignty.

If we have an organization like the British commonwealth, which we can have if we will, and then adopt the nine principles which I advocated the other night, some of them too far advanced for many members of the house to accept, but which nevertheless will be found important and sound, then we shall have an alternative.

Before I go into that, however, I should like to point out for the information of hon. members—and I believe all hon. members will agree with me—that the fundamental and inevitable cause of war is economic, and the fundamental, economic cause is the fact that, as nations trade, some of them fall into adverse trade balances and debt to others for the reason that they cannot keep their people from buying more goods from those other nations than those other nations will buy from them. We in Canada are witnessing that process right at the present time, even with our vast resources around us. What, then, must be the pathetic condition of a nation like Belgium, or Holland, or Czechoslovakia, or Yugoslavia when it undertakes to protect its economy? What must have been the position of Italy, with its 47,000,000 people on their barren slopes. What must have been the position of Hitler with 66,000,000 crowded in an area not one-third as large as Ontario. The fear of an adverse trade balance was insistent, that and the establishment of unrepayable international debt, debt that can be repaid only in goods.

Take Canada as an illustration. We fall into debt to the United States, and we cannot pay because the United States will not accept our goods, which is the only means we have of repaying the debt. They put up tariff barriers, establish quotas, and by several other means prevent us from paying, which means that they put us into a state of unrepayable debt. When nations suffer that sort of thing they cannot avoid war. It is either war or utter national economic destruction. They prefer the war. There we have the fundamental cause of wars. How can you overcome this adverse trade balance situation and this unrepayable debt situation? The other night I laid down the principles on which you must organize your society. The first was this, that each nation retains its complete sovereignty to order its affairs in accordance with the will of its people.

Mr. MITCHELL: Oh, dear.

Mr. BLACKMORE: Yes, I know the Minister of Labour is quite like a fish out of water when he gets on anything but labour.

Mr. MITCHELL: I am tired tonight.

Mr. BLACKMORE: I know you are tired; that is one of the reasons you never learn anything about how to govern a country with respect to these trade matters. If the cabinet is made up of people who know as little about economics and finance as the Minister of Labour knows—well, anyway, principle No. 2 was that each state undertakes to maintain adequate armed forces.

3. Each power undertakes to go to the aid of any other member of the association of nations which is the victim of armed aggression. This is right along the line the hon. member for Rosetown-Biggar wanted to hear, but the hon. gentleman has left the chamber. He asked for something and then ran away so that he could not get it.

Principle No. 4 is, each member undertakes to prohibit its nationals from owning or controlling any property or economic undertaking in another sovereign country. I would ask the Minister of Justice (Mr. Ilsley) who is in his seat, if he were free to answer, how much of the difficulty in connection with Canada's trade balance is the result of the tremendous amount of United States capital invested in Canada. A very great deal of the trouble arises from that factor. This principle 4 is intended to overcome that factor in our international trade position.

5. Each nation undertakes not to export goods to any other nation, except in payment for imports from that nation, without the consent of that nation's government. If that principle were established, how many nations would lose all fear of economic penetration and conquest! While the hon. member for Peel (Mr. Graydon) was speaking this afternoon and mentioning certain kinds of aggression, I interjected the words "industrial aggression." If you adopted that clause you would avoid industrial aggression and the fear which results from it, which is one of the direct causes of war.

6. Each state undertakes to receive payment in goods and services for any debt owing to its nationals. What a glorious blessing it

would be to all the members of the British commonwealth if the United States would come out frankly and say, "We will do that. If we sell goods in your country, Canada, and you cannot pay us, we will accept goods in return, let them be of any kind."

Mr. SPEAKER: Order. I have called the attention of the hon. member three times to the fact that his remarks should be relevant to the legislation now before the house. Now I would ask him to kindly resume his seat.

Mr. LOW: May I be permitted to raise a question of privilege? I know Your Honour is trying to be absolutely fair, but I am afraid you may be unaware of the schedule which is at the end of this bill.

Mr. SPEAKER: I am sure the hon. member will admit that the Chair and the members of the house have been very generous.

Mr. LOW: No, sir, under the circumstances I cannot admit that, because the hon. member has not spoken for his forty minutes.

Mr. SPEAKER: I am sorry, but I have decided that his remarks are not relevant to the bill.

Mr. LOW: Is that your ruling, Mr. Speaker? If so, I am forced to challenge it.

Mr. SPEAKER: I am sorry, but I must call the attention of the hon. member—

Mr. LOW: We simply challenge your ruling.

Mr. SPEAKER: I would hope that hon. members would collaborate with the Chair. Three times I called the attention of the hon. gentleman to the fact that his remarks were not relevant to the bill which is before the house. If the hon. member will read the explanatory note and what is contained in article 41 he will realize perfectly well that the remarks made by the hon. member for Lethbridge (Mr. Blackmore) were not relevant to the bill. I believe it is the duty of an hon. member to abide by rulings of the Chair and to help the Speaker of the house by doing so.

Mr. LOW: On a point of order, Mr. Speaker, would you allow me to read what it says in article 41, in support of my contention that the hon. member was completely in order, before I challenge your ruling?

Mr. LALONDE: You are challenging the ruling.

Mr. LOW: I have already done so, but in deference to His Honour the Speaker I am asking for one moment to explain what I mean. I am reading from page 2 of the bill, the schedule which appears at the end, setting out article 41; and this Bill No. 132 purports to be an amendment to article 41 of the united nations charter.

Some hon. MEMBERS: No.

Mr. LOW: That is what it says. Read the bill.

Mr. KNOWLES: We cannot amend the charter in this house.

Mr. LOW: Article 41 says:

> The security council may decide what measures not involving the use of armed force are to be employed to give effect to its decisions—

Mr. LALONDE: I am sorry to interrupt the hon. gentleman—

Mr. LOW: I am speaking to a point of order, Mr. Speaker. Would you ask the hon. member to resume his seat?

Mr. LALONDE: Oh, well, I will.

Mr. LOW: I have the floor. I repeat:

> The security council may decide what measures not involving the use of armed force are to be employed to give effect to its decisions, and it may call upon the members of the united nations to apply such measures. These may include complete or partial interruption of economic relations—

That is trade relations

> These may include complete or partial interruption of economic relations—

That must include trade relations. It is an economic sanction.

> —and of rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations.

I contend that this clearly envisages the possibility of the application of sanctions against an offending nation, which may include trade sanctions. The hon. member for Lethbridge is discussing trade as one of the causes of war, which certainly must have application and must be related to the principle of this bill. So I would suggest that you give the hon. member an opportunity to complete his forty minutes.

Mr. MACKENZIE: May I suggest in a very friendly spirit that we forget technicalities and get on with the work of the house. There is an old song I used to know in the first war entitled, "The more we get together, the happier we will be."

Mr. LOW: But you are taking up more time than the hon. member would need to finish.

Mr. SMITH (Calgary West): I am raising another point of order. At the time he was interrupted the hon. member was quoting a

great authority—it was himself, it is true—but quoting from a speech made during a previous debate this session, which certainly is out of order in this House of Commons.

Mr. GRAYDON: May I raise a point of order. I think Your Honour has gone perhaps a little far afield, if I may say so with great deference, in view of the subject matter which is being discussed. I really think the hon. member for Lethbridge should have an opportunity to conclude his speech. He has not very much longer to go; this is not a very partisan matter, and I think the fewer difficulties we have in the debate, the better. I can quite appreciate Your Honour's position; I am not challenging it, nor am I even criticizing it, but perhaps we might inject a little of the milk of human kindness into this debate and let the hon. member go on.

Mr. SPEAKER: Hon. members will realize that I called the attention of the hon. member three times to the fact that his remarks were not relevant to the bill now before the house. If the Speaker did not intervene and require the hon. member to resume his seat I wonder where hon. members would find any authority to enforce the rules of the house. I would ask them to assist their Speaker. I should be very grateful if hon. members would accept my decision and continue with the debate.

Mr. BLACKMORE: May I say a word in my own defence? I would just like to say—

Mr. SPEAKER: I have asked the hon. member to resume his seat, and I would request the next hon. member to address the Chair.

Mr. LOW: I certainly do not like that at all, Mr. Speaker. I must challenge your ruling.

Mr. SPEAKER: The question before the house is an appeal from the Speaker's decision. We have before the house the second reading of Bill No. 132. The hon. member for Lethbridge (Mr. Blackmore) had the floor. The Speaker called his attention three times to the fact that on second reading of a bill the hon. member who has the floor should discuss only the general principle of the bill. His attention was again called to the fact that on second reading of the bill the discussion should be relevant to the bill before the house; and also to the fact that he was referring to a former debate. After three times the hon. member for Lethbridge was asked to resume his seat. Then the hon. member for Peace River (Mr. Low) rose and appealed from the decision of the Speaker.

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:

Abbott
Baker
Beaudoin
Belzile
Bertrand (Laurier)
Bertrand (Prescott)
Blanchette
Bradette
Brown
Chevrier
Claxton
Coté (Matapedia-Matane)
Croll
Dechene
Denis
Dion (Lake St. John-Roberval)
Farquhar
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gauthier (Portneuf)
Gibson (Hamilton West)
Gillis
Gladstone
Golding
Grant
Hartt
Healy
Ilsley
Isnor
Jaenicke
Jean
Jutras
Knowles
Lafontaine
Lalonde
Leger
McCann
McCulloch (Pictou)
McGarry
McIvor
Mackenzie
MacLean
Marier
Matthews (Brandon)
Maybank
Mayhew
Mitchell
Moore
Mutch
Nicholson
Raymond (Wright)
Reid
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
Ross (Hamilton East)
St. Laurent
Sinclair (Vancouver North)
Stuart (Charlotte)
Townley-Smith
Tremblay
Tucker
Viau
Warren
Whitman
Winters—66.

NAYS

Messrs:

Archibald
Argue
Barrett
Blackmore
Blair
Bowerman
Bradshaw
Brooks
Bryce
Burton
Campbell
Castleden
Charlton
Coldwell
Cruickshank
Fair
Fraser
Fulton
Gibson (Comox-Alberni)
Graydon
Green
Hackett
Hansell
Harkness
Hazen
Herridge
Hlynka
Homuth
Jackman
Johnston
Knight
Kuhl
Low
McCuaig
Macdonnell (Muskoka-Ontario)
McKay
MacNicol
Marshall
Matthews (Kootenay East)
Merritt
Quelch
Ross (St. Paul's)
Shaw
Stokes
Webb
White (Hastings-Peterborough)
Wright
Wylie
Zaplitny—49.

Mr. BRIDGES: I was paired with the hon. member for Edmonton East (Mr. Ashby). Had I voted, I would have voted to sustain your ruling.

Mr. MACDONALD (Brantford City): I was paired with the hon. member for London (Mr. Manross). Had I voted, I would have voted to sustain your ruling.

Mr. HARRIS (Grey-Bruce): I was paired. Had I voted, I would have voted to sustain your ruling.

Mr. JAQUES: I was paired with the hon. member for Chapleau (Mr. Gourd). Had I voted, I would have voted against your ruling.

(Translation):

Mr. GAGNON: I was paired with the hon. member for St. Johns-Iberville-Napierville (Mr. Cote). Had I voted, I would have voted against your ruling.

(Text):

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I shall keep the house from coming to the question for only a few minutes, but in view of the fact that the united nations has been referred to as an iniquitous organization I feel that something else ought to be said before this debate closes. I for one am aware of the fact that the united nations structure as it now stands has certain shortcomings, that improvements are needed, and it is also true, as the hon. member for Peace River (Mr. Low) has said, that we should do everything we can to muster popular support for this people's organization. But it must be pointed out that the world would be in a sorry state if there were not some hope in the united nations. The fact is that for all its shortcomings it is grappling with some of the fundamental problems of war and peace. I want to refer in one sentence to the fact that an integral part of the united nations set-up is the economic and social council which is dealing with these fundamental problems.

It seems to me that the principle of the bill before us is so clear that there ought not to have been any necessity for arguing the point, nor should there have been the straying that has been evident during the course of this debate. We are not debating at this time the charter of the united nations. That charter has already been agreed to by some fifty-five nations, members of the organization, and not only has Canada signed the charter, but its signature has been approved by a unanimous vote by both houses of parliament. I submit, therefore, that we are not now arguing the merits of the charter nor the merits of article 41. One of the articles in that charter is article 25, which reads:

> The members of the united nations agree to accept and carry out the decisions of the security council in accordance with the present charter.

The principle of the bill before us is simply this: Is this parliament prepared to give the government of the day the necessary constitutional power to carry out a commitment we have already made? In the interests of international organization, in the interests of the wider sovereignty it provides, in the interests of world peace, I am glad that the government of the day has brought this measure before us, and I believe that it should receive the unanimous support of the house.

Motion agreed to and bill read the second time.

Mr. ST. LAURENT: Mr. Speaker, some hon. members have suggested that the bill should be referred to the standing committee on external affairs, and the government has no objection to its being examined before that committee. I therefore move that the bill be now referred to the standing committee on external affairs.

Motion agreed to.

PENITENTIARY ACT

PROVISION FOR APPOINTMENT OF COMMISSIONER

Right Hon. J. L. ILSLEY (Minister of Justice) moved the second reading of Bill No. 177, to amend the Penitentiary Act, 1939.

Mr. GREEN: Is the minister not making a statement?

Mr. ILSLEY: I made a long statement on the resolution.

Mr. F. E. JAENICKE (Kindersley): It seems to me, Mr. Speaker, that the bill before us deals with two main principles. One is the change from three commissioners to one commissioner and two deputies, and the other is to include the words "prison reformatories" in the term "penitentiaries".

No doubt this bill is designed to implement a recent decision of the government, presumably on the recommendation of the commissioner as it appears in his report which was tabled during the present session. I should like to quote from pages 8 and 9 of that report of the commissioner, General R. B. Gibson. He says:

> (a) The royal commission proposed the appointment of a prison commission composed of three members to administer the penal system of Canada responsible directly to the Minis-

ter of Justice. It is evident that in making this recommendation the royal commission had in mind its further recommendation that the federal government take over the administration of all the prisons in Canada, thus centralizing the control of the Canadian penal system under the government of Canada. As will be stated later, it is not yet considered practicable to give effect to this recommendation and the government has recently decided that for the present it is preferable to entrust the administration of the penitentiaries of Canada to a single commissioner assisted by two deputy commissioners, with a headquarters organization consisting of the inspectors and staff of the present penitentiaries branch, the inspectors being reclassified as assistant commissioners.

(b) It is proposed that one deputy commissioner will be primarily charged with the selection, training, assessment and further reconstruction of the staffs of the penitentiaries and with the organization and supervision of a training school for penitentiary officers. He will also be responsible for the supervision and development of the educational facilities in the institutions under the control of the dominion government.

(c) It is proposed that the second deputy commissioner will be primarily charged with supervision and development of the medical and psychiatric services, physical training and recreational facilities as well as the development of research and statistics to assess the adequacy and results of present and proposed methods of correctional treatment.

While the commissioner's report presumes to deal with implementing the recommendations of the royal commission presided over by Mr. Justice Archambault, there is a change from three commissioners to one commissioner, and therefore it is a serious departure from the recommendations of the Archambault commission. As I understand the situation, the recommendation for a three-man commission was adopted in the enactment of chapter 6 of the Revised Statutes of Canada, 1939, and in enacting this measure, which is the present Penitentiary Act, which by the way with the exception of one or two sections has not yet been proclaimed, the main principle was the appointment of a three-man commission. I read from the debates of the House of Commons of 1939, at page 1472 of *Hansard,* where the then minister of justice, the Right Hon. Mr. Lapointe, introduced the resolution preceding that legislation and reading as follows:

That it is expedient to introduce a measure to establish a commission with power under the Minister of Justice, to administer, control and manage the penitentiaries; to provide for salaries of the commissioners and assistant commissioners; and, generally, to repeal and reenact with consequential amendments the Penitentiary Act.

Later on, in explanation of his resolution, the then minister of justice said:

It will be—

That is the new act.

—the Penitentiary Act substantially as it is today in the statute, except that it provides for the establishment of a commission of three to replace the superintendent of penitentiaries.

The commission to be appointed was, I presume, to be a commission of three men and decisions were to be made by three commissioners. In the case of a disagreement I presume the majority would prevail. The new enactment before us this evening sets aside this important principle, and if the new enactment were adopted the commission would consist of just one commissioner and two deputy commissioners, who would simply obey the orders of the commissioner and perform the duties assigned by him. I think this is a grievous mistake which I should like the Minister of Justice to reconsider. There is no question that three men are better than one, speaking generally; but particularly in this case it is of the utmost importance that the decisions should not be just the opinions of one man.

Mr. ILSLEY: Would the hon. member say that fifteen would be better than three?

Mr. JAENICKE: Not necessarily. We deal here with human beings who, it is true, have run foul of the law. They are still human beings and many factors must be considered in their treatment, both as to punishment and as to their rehabilitation.

I have no criticism to offer of General Gibson's appointment. I understand and I have heard that he is an energetic and capable person; but, Mr. Speaker, is it not strange that when the appointment is made of a superintendent or of any other high official under the Penitentiary Act and in the penitentiary service we cannot think of anyone except a military man. From the results of their administration of penitentiaries prior to the Archambault report, they have not exactly covered themselves with glory, as the report of the Archambault commission would indicate. Could not the minister think of some penologist or some similar expert to head the proposed commission or at least to be a member of it? I presume that a military man was picked because we have to have discipline in our penal institutions and military men are naturally reputed to be good disciplinarians. While I do not admit that discipline, at least as I understand the term, is the main factor in the treatment of our prisoners, yet it is an important one. I have no objection to a military man being one of the three members of the commission with the other two being trained in penology, psychology, criminology, social service or other similar branches of knowledge.

This matter was brought up in the debate in 1939, and the then minister of justice seemed to have the same idea. I quote from his remarks at page 1477 of *Hansard* of 1939. This is what the then minister of justice said:

I can assure my hon. friend that these men will not be selected because of political affiliations. We will try to have men who are expert in this work. It has been urged for some time that there should be a medical man on the staff of the penitentiaries, an expert in mental diseases and that sort of thing. The idea is to have three men at the head of our penal system whose names and abilities will be a guarantee to the people of Canada that this very important branch of the administration is being looked after properly.

I think that is what the Archambault commission had principally in mind when it so strongly recommended the appointment of a three-man commission. To emphasize this point, let me quote from the Archambault report at pages 342 and 343. This is what the Archambault commission has to say:

In our present system the problem of penal administration is too large in scope and too serious in results to be left in the hands of one man. It is noteworthy, as a matter of record, that Canada is practically the only country where the penal system is not administered by some kind of commission or board.

I may say that this same paragraph was also quoted by the then minister of justice in 1939 in support of his resolution at that time. I continue to quote from the Archambault report:

In Great Britain, the prison commission is composed of a chairman and two other commissioners, one administrative and the other medical, and is reenforced by four assistant commissioners, one of whom acts as secretary.

Then on page 343:

Under this system the continuity of policy can be maintained and the control of prisons, though subject to the will of parliament, is divorced from the changing views of party policy. Each member of the commission is responsible for his own share of the work of the department. Differences of opinion may arise in the course of the commission's discussions but, to date, it has not been found necessary on any occasion to bring a question to a vote for settlement.

The act of 1939 differs very little from the old Penitentiary Act, being chapter 154 of the Revised Statutes of Canada, 1927. Its important difference is the setting up of the commission in the place of the one superintendent. This important change is now to be discarded and the old method of a one man czar to administer our penal institutions is to be readopted. The main difference is that, instead of calling him a superintendent, we shall now call him a commissioner. I am afraid that I cannot give my support to a step which, I believe, is a retreat from a former more advanced policy.

When I first read General Gibson's report my reaction was favourable, but when I had more time for study any favourable impression was soon dissipated. I have not the time to go fully into every phase of the report about which I might offer criticism or disagreement, but I shall confine myself to efforts in making suggestions or recommendations as to how we might accomplish or make a start in unifying our penal system.

When General Gibson says, as I quoted a few moments ago—

It is evident that in recommending the three-man commission the royal commission had in mind its further recommendation that the federal government take over the administration of all prisons in Canada thus centralizing the control of the Canadian penal system under the government of Canada.

—I wish with great respect to differ from the general in that regard. The three-man commission was recommended, irrespective of whether or not we had a unified or centralized penal system throughout Canada.

The last paragraph of that section of the royal commission's report dealing with the recommendation of the three-man commission reads as follows, and may be found on page 344 of the report:

The prison commission, as recommended, would perform the functions now performed by the superintendent and three inspectors. It would have power to appoint staffs, and would act as a central parole board. The members should be removable only for cause.

I therefore maintain that the recommendations are not interdependent. What does the commissioner say about the unification of the penal system? I quote from his report on pages 14 and 15:

(a) The royal commission recommended that the Canadian penal system should be centralized under the control of the government of Canada, with the federal authorities taking charge of all the prisons in Canada, the provinces retaining only a sufficient number to provide for offenders against provincial statutes, prisoners on remand, and those serving short sentences.

(b) Under the British North America Act legislative authority for the establishment, maintenance and management of penitentiaries is assigned to the parliament of Canada, whereas the provincial legislatures have authority to make laws in relations to the establishment, maintenance and management of public and reformatory prisons in and for the province. It thus appears that while the provincial legislatures alone have legislative authority to provide for reformatory institutions in and for their respective provinces, the establishment or acquisition of reformatory institutions with dominion wide scope is not excluded from the sphere of the government of Canada.

(c) The royal commission suggested that centralization might be accomplished by two methods:

(i) by amending the criminal code, the Penitentiary Act and the Prisons and Reformatories Act to change the minimum term for which a convicted person may be sentenced to a penitentiary to a period of less than two years; or

(ii) by an agreement being made between the dominion and the provinces for the former to take over the administration of provincial penal institutions, in order that persons committed to prison for terms of less than two years might be committed to federal institutions.

(d) It is evident that in the present state of the law any comprehensive change in the control of penal institutions can only be reached by agreement between the dominion and provincial governments.

While I cannot wholly concur in the conclusions of the commissioner as set forth in that last sentence, what has he done to see whether agreement between the dominion and provincial governments can be reached?

On page 3 of the report he speaks of many visits to provincial institutions, and informal discussions with provincial officials on matters of penal administration and policy, but the report is silent as to whether these discussions pertained to a unified system, and what were the reactions of the provinces, or what were their respective views on the matter?

There is a movement of reform in many of the provinces today, and one would think the provinces would be only too willing to cooperate with the dominion. Indeed, one paragraph on page 11 of the report seems to indicate that the maritime provinces are only too anxious to cooperate. I quote from page 11 of Commissioner Gibson's report:

In the maritime provinces there is at present nothing between the county gaols and the penitentiary at Dorchester, New Brunswick. The royal commission recommended the establishment of a central prison farm for the maritime provinces to afford better facilities for the confinement and reformation of prisoners serving sentences of less than two years than are available in the county gaols. This proposal is now under discussion with the provinces, who have suggested that such an institution be operated on their behalf by the dominion government. If satisfactory arrangements can be made for the establishment of such an institution, with separate facilities for dealing with young offenders, it will provide improved facilities for the classification and segregation of offenders in the maritime provinces.

I will say that if the provinces are in that mood, if the other provinces feel the same as the maritime provinces—and I have reason to believe they do—we should proceed along those lines immediately and quit worrying about the British North America Act.

Mr. ILSLEY: Will the hon. member give me any reasons he has for thinking that they do? I have been looking for such reasons for a long time.

Mr. JAENICKE: The report says that this proposal is now under discussion with the provinces, and they suggest that such an institution be operated on their behalf by the dominion government.

Mr. ILSLEY: That is, the maritime provinces. To what other provinces does the hon. member refer? What other provinces want us to go into their field?

Mr. JAENICKE: I said the commissioner's report might have indicated what other provinces had made suggestions, or what suggestions they had made. I do not know. The report does not say, although it does say that the commissioner has visited all the other provinces. I have an idea that the proposed amendment to the definition of "penitentiary" to include prison reformatories has reference to the situation in the maritimes, to which I referred in the quotation, although I am convinced that the definition, as it now stands in the act is sufficient to include prison reformatories such as have been under discussion between the maritimes and the commissioner on behalf of the dominion.

We cannot unify the present penal system all at once. I admit that, but I think we can make an immediate start such as the proposed action in the maritimes and follow it up with other provinces which might be willing to cooperate. The report contains come notable proposals on segregation and treatment of young offenders, and it will be of interest to quote some sections. First, I would refer to page 10, paragraph (b):

As a first step in developing a plan of segregation, it is proposed to provide in Kingston penitentiary in the east and in Manitoba penitentiary in the west for the detention of incorrigible and intractable prisoners whose conduct and anti-social attitude makes it desirable to separate them from the normal prison population in other institutions.

I commend this. Later on, on the same page, in paragraph (d) I quote:

It is proposed to develop Collin's Bay penitentiary in the east and Saskatchewan penitentiary in the west as institutions for the treatment of young convicts and the reformable type of prisoner.

I also endorse this. Then on the same page, in paragraph (e):

The situation in the province of Quebec must be dealt with as a separate problem because of the difficulty and undesirability of transferring persons who speak the French language to institutions staffed by English-speaking personnel.

At present St. Vincent de Paul penitentiary is filled to its capacity of 1,100 and contains in its population some 165 young convicts under the age of 21 years. A population of 1,100 is too large to be handled efficiently. Your commissioner therefore recommends that authority be obtained for the establishment of a new institution in the province of Quebec separate from St. Vincent de Paul penitentiary, and that this institution be of the reformatory type, to which could be transferred youthful and reformable offenders sentenced to terms of two years or more in the province of Quebec. It is anticipated that the principles of the Borstal system may be applied to this institution.

While all this is not yet according to the Borstal system, nor is it satisfactory segregation, it is, in my opinion, at least a start, especially in Quebec and in the maritimes, where new institutions are recommended to be set up. Collin's Bay and the penitentiary in Saskatchewan are to be a sort of quasi-Borstal system, but they will always retain the character and especially the reputation of grim prisons, and after some start which we might make we shall have to instal the Borstal system throughout Canada. Indeed, the same sort of experiment with regard to the special treatment of young offenders has been tried at Collin's Bay, and the superintendent reports some pleasing results in the last report with regard to the special treatment of prisoners in that institution. On page 7 of the penitentiaries report there is an interesting table. I shall quote only the last two years. It is a table giving the number of prisoners discharged from Collin's Bay since 1930 and shows the number of those who have been reconvicted. There has been a considerable improvement in the last two years. In 1943-44 the total discharged were 128 and the total reconvicted were 28. In 1944-45 the total discharged were 122 and the total reconvicted were only 16. The superintendent goes on to make this comment thereon:

> One thousand four hundred and eleven convicts out of 1,779 being apparently reformed and leading a normal citizen's life, is, I submit, a most interesting achievement. As already stated, the percentage of the repeaters, as far as penitentiary sentences are concerned, is 20·68. This satisfactory result is mainly due, and this must be emphasized, to the fact that those convicts while serving sentence at Collin's Bay penitentiary, were not contaminated by hardened recidivists, nor were they in contact with any habitual offender who through the years has learned "all the tricks of the trade" and who boasts of his criminal career.

The results of this experiment are encouraging, especially in the last few years, as I have pointed out, and I trust that this will be followed up and continued, but not at the expense of the other experiments which the commissioner has or should have in view and which I have already mentioned. However, as far as statistics go, the situation in Collin's Bay seems to be the one bright spot. I do not wish to go into tables of statistics and comparisons with other countries, but the latest statistics available to me show that, while non-indictable or minor offences have declined during the war years, there was no such decline in connection with indictable or major offences, and they are still on the up-grade. From 397 per 100,000 population in 1942 to 410 per 100,000 population in 1944—these are the latest figures available to me. Convictions of young offenders are still worse. Convictions of young offenders between the ages of sixteen and twenty-one rose from 773 per 100,000 population in 1942 to 1,022 per 100,000 in 1944. That is for major indictable offences, which shows that the situation is still serious.

The superintendent's report deserves the careful consideration of all hon. members and contains an interesting summary of the reports of chaplains of the penitentiaries. They were instructed to analyse the causes which led certain classes of convicts to the penitentiary. I wish to quote the case of two boys, cited in the report of the superintendent at page 50. This report was compiled by one of the penitentiary chaplains, and this is what I find:

> Convicts Y-11 and Y-12. Case of two very young boys under sixteen of very good families. Were following the sea as a profession hitchhiking from their homes at the close of the lake navigation season to go to the home of relatives on the Atlantic coast, whence to ship aboard a deep sea ship. The two ran out of food and money when near their destination, and, finally, in a panic, took a car in which the keys had been left to complete the last lap of their trip. They were apprehended en route, taken before the local magistrate where, without counsel or opportunity to get help from their families, they frankly pleaded guilty and were promptly sentenced to three years in the penitentiary. It was their first offence. They did no damage to the car. Their destination was legitimate although the use of the car without permission was, of course, wrong. They come from solid law abiding families, were travelling at full permission of home and school authorities. They had unblemished records and were a couple of kids. Remote cause: nil. Immediate cause: hunger and panic. (These two convicts were since removed from the large penitentiary to which they had been sentenced to a smaller institution where more selected convicts are sent.)

It is difficult to believe a story like that, isn't it? Here we have two boys under sixteen sent to the penitentiary under these conditions; and we must assume the facts to be true, since this is the report of the chaplain who interviewed these boys. I wonder who committed the greater wrong against society, the boys or the magistrate. During the Easter recess I was discussing this astounding case with a magistrate in my own province, who suggested that the tendency in those prov-

inces, presumably the maritimes, was to sentence convicts coming from other parts of Canada to the penitentiary so that their governments would not have to pay for the upkeep of the convicts. I cannot subscribe to that; I cannot believe it is true, but I am repeating what I have been told. Another suggestion was that the magistrates in those provinces are inclined to send convicts, especially young convicts, to the penitentiaries since there are no institutions in their own provinces where those boys might be sent, at least no fit and proper institution, and sending them to a penitentiary might be better than sending them to the provincial jails. Perhaps there is some truth in both statements that have been given me; and, if so, is it not high time we did something to bring about a unified system, especially a Borstal system for young offenders?

It is hard to believe that young boys under sixteen years of age would be sent to a penitentiary; yet if you read the report of the superintendent you will find tables of statistics on pages 73 and 74, which show that four boys under sixteen years of age form part of our penitentiary population. So I trust the minister will move soon, and move his commissioner to act soon, in the formation of a Borstal system, or at least in adopting the recommendations made by the commissioner, which I read a few minutes ago.

The bill before the house purports to bring about improvements in our penal system, and if it did this I would welcome it. To me, however, the core of the bill is a change from a three-man commission back to the old system of one boss for the whole organization, and I consider this an abandonment of the main recommendation of the Archambault report, which I consider one of the finest reports any royal commission ever made. Because that is the case I am very sorry, but I shall be forced to vote against second reading of the bill.

Mr. A. L. SMITH (Calgary West): I want to devote just a few minutes to this subject, Mr. Speaker, and I intend to confine my remarks as far as I can to this whole question of reform in prisons. You know a lot of us think there is some magic in this word Borstal. We say, "Let us have the Borstal system," and then we assume that all our difficulties will be over. That is very far from being the case. I do not know how you could ever have anything like the Borstal system operating throughout Canada without a definite arrangement between the dominion and provincial governments. I realize that in the province of Ontario they have gone a long way in the treatment of youthful offenders. Quebec has also made considerable progress in that direction. Unfortunately we in western Canada, I think I am fair in saying, have done nothing at all. The situation there is that in order to get any reform school which is of any use those three provinces must join together, for the simple reason that we do not have a prison population sufficient to operate three different institutions. The only way that could possibly be handled—and this is not a complaint about the dominion government, though they might be of some assistance—is to get the three provinces together and sell them the idea of one institution for Saskatchewan, Alberta and British Columbia.

Mr. CRUICKSHANK: Hasn't British Columbia its own system?

Mr. GREEN: They are establishing it now.

Mr. SMITH (Calgary West): They are on their way, but at the moment I know of nothing out there. I am not speaking from any recent information, but the only institution of the kind I know of is at Portage la Prairie, Manitoba, and I believe some of our people still go there.

Mr. CRUICKSHANK: British Columbia did have one, did they not?

Mr. SMITH (Calgary West): Yes, the provincial government of British Columbia. In any event, whether or not I am completely accurate, the thought I have in mind is that once more we are up against this question of jurisdiction, and it does seem to me that not a great deal has been accomplished even during the present year, according to the report, in getting over that obstacle, which is a complete block, one might say, with respect to any over-all picture of reform for young people in our jails.

The question of reform is a very big one, I know; and I am coming back to the province of the hon. member for Fraser Valley (Mr. Cruickshank), where they have an excellent penitentiary at Westminster. I was going to say I had occasion to be there, and by that I mean I had occasion to visit it once. I learned a great deal from a man whom I now know very well, who spent sixteen years in that institution as a convict and is now out on ticket of leave. I think he has a broader knowledge of the workings of the convict mind than anyone I at least have ever met. His position on the human side of the story is this. We will say we go into an institution and grant a reform. One that he told me about, for example, was the right to talk in the cells after meals. If you know how these tiers of cells are arranged in our penitentiaries,

they have solid walls between the individual cells and conversation is almost unheard of because immediately it becomes a babel of shouting from one place to another. As he told me, men who are anxious to work and who had drafting boards in their cells were trying to learn something by way of engineering—because they have a very good library in that institution. But they were just stopped on account of the bedlam. This privilege was granted by General Ormond, who was superintendent and a kindly disposed man; and the thing just came to nothing.

The answer to that was, he told me, that the young chaps were immediately convinced that the move was not made through the decency or kindness of the authorities, but that they were immediately persuaded by the old lags that this had been forced on them; and they assumed all the credit for the change which was made, as they assume credit for every change which is made. Therefore they become the heroes to these younger chaps who are in the institutions and are necessarily in association with these older men.

I am not going to advocate anything, but I am going to ask whether or not the government has given consideration to a law such as one finds in the state of New York, for example, where, after four convictions for a definite type of crime, a man is removed from circulation. It is the equivalent of life imprisonment, after four convictions. It seems to me there may be some good in that idea—perhaps not as strict as they have it; but I am suggesting that the government should consider it.

Mr. ILSLEY: The hon. member will find consideration was given to that recently.

Mr. SMITH (Calgary West): I am glad to hear it. I want to say this, with all the definiteness that I can, that while in the report of General Gibson we have suggestions as to what is to take place at Stony Mountain, and what is to take place in one of the eastern institutions, there is no use whatsoever in talking reform unless the incorrigibles are separated from the rest of them. That is just a basic thing that must be done. Get the old ones out of circulation, and then you have a chance with the younger men. The chap of whom I have spoken was so insistent upon that that he said, "You might as well stay home and stop trying, as things are. The chances are ten to one that the young fellow who goes in there under present circumstances will come out much worse, and also much smarter, because he learns the tricks of the trade from those who are more experienced, and who also have served a much longer time in gaol."

General Gibson has been there for a year, or a trifle more than that. I have seen him on trains, and I know he is getting about and doing his best to see as many people as he can. But I must say this, that I had hoped we would have advanced farther at this time. The problem of segregation is not one which presents many difficulties; it is a comparatively simple thing to do.

May I say with respect to the three-man commission which my hon. friend has spoken about, and which he finds so objectionable, that I am unable to follow him there. We still have the same three men, although we have put different labels on them. Naturally one man is in charge, and then we have the Minister of Justice (Mr. Ilsley), a man in whom we have great confidence, who is in charge of the commissioner. However, that, it seems to me, is just a matter of shuffling the cards. I do not think any great principle is being violated by following that course.

I am going to be brief, and to stop right now, by expressing a hope. I have read debates on prison reform for years. But in the last twenty-five or thirty years practically nothing has been accomplished. So tonight I am now going to stop talking, in the hope that the government may do something quickly with respect to the reformation of our prisons.

Mr. DAVID CROLL (Spadina): Mr. Speaker, I shall not be long, because I spoke about this subject last year. However, in view of General Gibson's report, I wanted to make some further observations.

I feel that the general ought to be complimented on his report, because it indicates broad understanding and a progressive mind. I thought he rather caught the spirit of the Archambault report.

As I recall the report, it laid down three principles, namely segregation, classification and after-care. In his report, General Gibson covered the first two rather thoroughly. If I can make any suggestions it would be on minor points—perhaps minor is not the proper word to use. Perhaps I should say that I would address myself to a few matters which lack emphasis in the report.

With respect to the Borstal system, General Gibson says that the system offers the best known opportunity for the reformation and rehabilitation of those who have not yet become hardened criminals. With that we all agree. While the Borstal system is directed to the needs of wayward youths, we must bear

in mind that almost everyone in penitentiaries at the present time was once of an age and character that the Borstal system might have been useful to him. This fact is obvious when one looks at the annual report of the superintendent of penitentiaries which, in table 5 on page 7 indicates that in seven penitentiaries in Canada 1,238 of a total inmate population of 3,362 are under the age of twenty-five years. Table 4 indicates that one-third of the offenders are serving terms of three years or less.

I thought for a few moments we might consider the need of employing Borstal tactics in our penal therapy. British statistics show that approxmately sixty per cent of discharged Borstal inmates do not appear before the courts for further convictions. We see that twenty per cent are reconvicted once, and the remainder once or more.

What is our record? Page 8 of the same report shows that in the fiscal year ended March 31, 1946, there were 708, or less than twenty per cent of offenders who had no previous convictions. Over one-half—to be exact, 1,802 of the total of 3,362 had from two to eight convictions. It is to be remembered that these figures do not take into account the large number of people found in the many reformatories, industrial schools and jails across the country. I think it is obvious that something must be done to correct such an alarming situation. There seems to be no reason why Canada should have a greater proportion of recurring criminal tendencies among those who are released from her institutions of correction. We do not have the crowded cities there are in England, a circumstance which is often a contributing factor. There are other reasons, but in the main it is that our penal therapy is out of date and inadequate and in some degree ineffective.

One of the chief contributing factors is the lack of education which is a great cause of delinquency. On page 75 of the report I came across these startling figures: Out of a total of 1,635 persons, fifty-eight could neither read nor write, eleven could only read and 1,293 had common school education.

General Gibson has not lost sight of that, and in section 18(b) on page 13 of his report he points out that a thorough survey of the methods in each penitentiary by an experienced educationalist is necessary. It is true the Archambault report made a similar recommendation. Like the speakers who have preceded me, my complaint is that the recommendations are not being implemented fast enough; that these are all fine intentions, but we are not moving along quickly enough.

There is another matter which is important and which I think should be brought to the attention of the house, the matter of prison discipline. This is a most important phase in reformatory treatment and it has been forcibly brought to our attention by a riot in Stony Mountain penitentiary. I should like to refer to an article in the Montreal *Gazette* setting out an interview with an ex-convict who had served some time there. There is no reason why he should not tell the truth and here is what he had to say:

> The outbreak had been no massed riot and had been the result of petty punishments. A man smoking out of hours would be awarded seven days solitary confinement and a man snoring would get three or four days "for creating a disturbance."

And again:

> It was the narrow petty penalizing which had been responsible for the outbreak. All the prisoners wanted was better conditions. They all realized they had to do their time, but they didn't see why their existence should be made intolerable.

General Gibson has not lost sight of that recommendation. There again we have the same difficulty. These matters are small, but they accumulate and cause mischief in the institution. I come now to something which I think has been overlooked in General Gibson's report, the matter of after-care. I consider this to be of paramount importance if we are to cure criminal tendencies in our young offenders. On page 67 of the report it is stated that of those discharged during the year, fifty-six were under the age of twenty-nine. Table 15 on page 13 shows that a total of 838 prisoners were interviewed by welfare organizations during the year, despite the fact that 1,061 were discharged during the same year. We may well ask ourselves: Where are those discharged people to go and what are they to do? Are they being ostracized by society? What means have we provided for the reestablishment of ex-prisoners as useful, contributive citizens in our society?

Mr. SMITH (Calgary West): Do you not think that is the best feature of the Borstal system?

Mr. CROLL: I was just finishing up if I may. I have here a quotation from "Prisons and Borstals," as follows:

> Every young person on release is placed under the care of an association which is responsible to the prison commissioners. The association endeavours to find them employment, help them with regard to lodgings and outfits, and arrange generally through their local agents for supervision, assistance and advice.

I came across this article in the Toronto *Telegram* of May 10. A man appeared before Magistrate Cameron in Orillia, and the article goes on:

"I am aware that the facilities offered to persons released from penal institutions are not adequate," stated Magistrate Kenneth Cameron in sentencing ..... to five years in Kingston Penitentiary.

And again.

Magistrate Cameron pointed out that ..... was apparently addicted to such crimes, and as there was little in the way of adequate facilities to take care of such people on securing their freedom, the chance of him conducting himself properly on release was remote. The public had a right to expect protection from such acts.

So he sent him to the penitentiary for five years. The man probably may have deserved it and I am not arguing the matter at all, but the point here is that he realized that there was a great inadequacy and the only place he could possibly send him to was the penitentiary. We have not the after-care which the Borstal system provides. Of the 838 persons who were visited last year in our penitentiaries, 635 were interviewed by an organization that had no responsibility at all to the penal authorities, who were doing this work solely as a contribution to the welfare of mankind; I refer to the Salvation Army. General Gibson recommends a policy which is, in fact, comparable with the Borstal system, and on page 16 he makes a recommendation with which I heartily agree. However, we have to do a little more than just recommend. He points out:

The Canadian penal association, under its new president, Major J. A. Edmison, K.C., has undertaken the task of coordinating the efforts of the prisoners' aid societies in the various provinces and of arousing greater public interest and cooperation in assisting discharged prisoners to obtain employment.

Then he goes on to say:

Your commissioner is of opinion that the activities of these societies should be encouraged and recognized and recommends that when a society demonstrates that it has been organized to carry out its duties with a reasonable degree of efficiency, provision should be made for it to receive financial assistance from the dominion government, based on the numbers released from federal institutions who have been assisted by its activities, to supplement the funds received from other sources.

The Canadian penal association are willing; these people are interested in this work. Because of their interest, because of their understanding and because of the work they have already done, I think they are entitled to recognition and to some monetary assistance. I think what has come out of these debates is an awareness and recognition that the penal system of this country is inadequate and that there is urgent need for penal reform.

General Gibson holds that view and I am sure the Minister of Justice (Mr. Ilsley) holds that view. It is manifest from the report submitted by General Gibson that he is well aware of the need for penal reform. I think our purpose here today is to keep urging upon the minister to hurry along to get some of this work done because there is a great urgency. So my only contribution to the debate is to say to the minister, if we cannot have the Archambault report at this particular time, we are willing to settle for the Gibson report; but do not keep that from us either, because the conditions are not improving and the country is, I think, quite prepared at the present time to accept the Gibson report although it may appear to be inadequate. We must clearly understand, however, that General Gibson has grasped the principles involved and has attempted to meet the problem as he sees it. It appears to me that he is seized with the need for reform, and immediate reform, and I am asking the minister to see that these recommendations are implemented as quickly as possible.

Mr. J. M. MACDONNELL (Muskoka-Ontario): I should like to add a very few words to this debate, and I think I can sum up what I want to say by putting in a plea for more urgency. Let me say at once that I do not wish to underestimate the difficulties that exist. I know we cannot do everything overnight. Second, I believe that the Minister of Justice (Mr. Ilsley) is just as humane a man as there is in this house and just as anxious to see this job done as anybody. Nevertheless I feel, as I look back over the last eight or nine years, and particularly over the last year, and particularly as I read this report of General Gibson, that there is no sense of urgency felt. There seems to me to be a fatal deliberation about the whole business, and the reason I deprecate that is the very reason given by my seatmate, the hon. member for Calgary West (Mr. Smith), that, while we are deliberating, day by day young men who perhaps were accidental criminals to begin with are being taken into the penitentiaries and becoming expert and perhaps permanent criminals by the very treatment we are giving them. That seems to be an undisputed fact. Therefore I suggest that there is an urgency, and if there is an urgency, frankly I do not find any sign of it in this report.

I would point out at this stage in my brief remarks that it has been stated in this house and never denied that we who rightfully regard

ourselves are so advanced, and are in many ways advanced, are nevertheless regarded as a backward nation in this respect. That statement has been responsibly made—and I repeat it—and it has never, so far as I know, been denied in this house. If that is true I think that is the background which should cause us to feel a great sense of urgency, the evidence of which I have never been able to find.

The first reason why I feel this sense of urgency is lacking is put in my mind by reading paragraph 4 of the report, and if my inference is wrong I hope the minister will correct me. Mark you, here is a commissioner specially appointed, as I understand it, to get on with this special job and try to put into effect a report which came out nine years ago. I am not forgetting the war. Nevertheless the Archambault report is nine years old and there are reports behind that going back for thirty years. So that we are really in arrears thirty years. Paragraph 4 of General Gibson's report reads as follows:

> During the past six months, as a result of the untimely death of Mr. P. M. Anderson, K.C., of the Department of Justice, your commissioner has been assigned to supervise directly the administration of the penitentiaries branch on behalf of the department and has thus been afforded an opportunity of observing and participating in the day to day management of the penitentiaries.

The commissioner puts that forward, that substantial work has been put upon him—if I am wrong in my inference I hope I shall be corrected—which I assume has slowed him up in the discharge of this special duty, which I am suggesting is so very important and urgent.

Then I come to paragraph 7 of this report, and here again I have a feeling that things are moving, yes, but there is no urgency; nobody is shoving the thing along as if it was an emergency to be dealt with, as I think it is. Paragraph 7 begins by saying this:

> The reorganization of the penitentiary administration recommended by the royal commission has not yet been undertaken.

I realize that you cannot suddenly undertake a reorganization. You have to give it thought. You cannot plunge into it in an ill-considered manner. But that sentence does not indicate that there has been any real sense of urgency, which is what I am asking for. The hon. member for Calgary West (Mr. Smith), who speaks on this matter with more knowledge than I have, stated that segregation is urgent; it is so important and vital; he said that the difficulties in the way were not insuperable, and yet very little progress in that direction has been made.

I go on to paragraphs 8 and 9, which indicate that a good many things have been done, but for the most part they are not very far-reaching ones. I will read a few. The first one reads:

> deprivation of the privilege of seeing visitors and receiving letters has been abolished as a punishment.

I should think that is good. And the next one:

> deprivation of library privileges as a punishment is only awarded where such privilege has been abused.

That is good. I read further down on the same page:

> shaving and bathing have been made more frequent. In several penitentiaries, showers have been installed.

I pass on to paragraph 9, which indicates that today more farm work is being done in connection with the penitentiaries. That is very good indeed; I approve that heartily. Then I go on to paragraph 11, which speaks of certain structural changes to various penitentiaries, and I think that is all to the good.

Then I come to paragraph 12, dealing with personnel, which is so all-important of course in this matter. It begins by saying:

> Following the royal commission's report a survey of personnel was undertaken and in 1939 a selected group of officers was sent to the British training school at Wakefield. Unfortunately the advent of war prevented the continuation of this project.

That we cannot complain about. It goes on:

> In-service training has been carried out in the institutions to some extent, in one or two penitentiaries with a considerable measure of success. There is, however, a definite need for a well planned training programme throughout the service. The establishment of a training school for penitentiary officers, as hereinafter proposed, will permit the development of a uniform standard of training—

And so on. Then I should like to refer to paragraph 13 which says:

> While conscientious efforts have been made by the wardens and their staffs to carry out the provisions of the regulations with respect to the classification boards in the penitentiaries, and these boards have met regularly and performed very useful service in deciding the type of work to which the convicts should be assigned, it has not been possible to develop their full usefulness in planning individualized programmes of treatment because of the lack of facilities for the segregation of the different classes of the prison population.

Finally I come to paragraph, 26 the last paragraph and this again makes me feel, as I said before, that there is no feeling of really getting on with the job, as if it were something we were concerned about.

Mr. HACKETT: Ask the minister to include penal reform in his next national emergency.

Mr. ILSLEY: We have jurisdiction without that.

Mr. MACDONNELL (Muskoka-Ontario): Recommendation 26 reads as follows:

> The proposals contained in this report constitute the first stages in the further development of the royal commission's recommendations.

It seems such a long, long way off that anything really is to be done. I continue with the recommendation:

> The reorganization of the headquarters administration, the establishment of adequate procedure for the selection and training of staffs, the development of more scientific methods of classification and the provision of additional accommodation to facilitate the separation of the various classes of prisoners are essential preliminaries in the adoption of a broad policy that will place greater emphasis on the corrective and rehabilitative aspects of institutional treatment. As the carrying out of these proposals proceeds, it will be possible, in consultation with the wardens, to apply in each institution the more detailed recommendations of the royal commission in respect to the treatment and training of prisoners. Your commissioner submits that the implementation of the present proposals will provide a sound basis for the further development of the programme of penal reform.

I do not want to be cheap, sentimental or unreasonable, but, as I say, this is a report full of the future tense. There is no past tense in the whole thing to indicate that anything important has been done. There is practically no use of the present tense; it is all in the future. This will be done as a preliminary to something else, and then when that preliminary is done we shall get on to something else.

As I take my seat I should like to say, with whatever earnestness I can command, that if we had enough imagination in the house really to bear in mind what the hon. member for Calgary West said, namely, that under our present system we are manufacturing new criminals day by day, there would be more present tense and not so much of everything left to the future.

Mr. G. A. CRUICKSHANK (Fraser Valley): Since I am not a lawyer it must seem strange for hon. members to hear me speak on this matter, but I have had more correspondence this session on this matter than on anything else. I am not going to dwell on the subject because it has been covered very well by all the speakers. I want to congratulate the speakers from all parties who, in my opinion, approached this matter in a non-partisan way. I should particularly like to endorse the attitude taken by the hon. member for Spadina (Mr. Croll) in his remarks to the minister. While there may have been reasons for delay during war time, there are no reasons for delay now in putting the Gibson report into effect.

As I said a moment ago, I have had more correspondence on this matter than on anything else which affects my riding.

An hon. MEMBER: You have more criminals.

Mr. CRUICKSHANK: That is unfair. My riding happens to be particularly interested in the youth of the country. Through you, Mr. Speaker, I wish to congratulate the house on the attitude that it has taken on this matter in viewing it, not from a party point of view, but from the point of view of the welfare of the youth of the country.

Mr. J. G. DIEFENBAKER (Lake Centre): I regret that I was not in the house earlier this evening to hear the discussion that has taken place. I know I would have benefited had I had the privilege of hearing other hon. members who participated in this debate.

At this late hour I do not intend to speak at any length but, sir, over the years I have had some little experience with the results that flow from the operations of penitentiaries. I do not know what the opinion of previous speakers has been; but, in my opinion, while many changes must take place, while our system today is very antiquated, it has done a surprising work, having regard to the difficulties under which those who operate our penitentiaries are actually working. On occasion I have seen men who have served their terms come from the penitentiaries and return once more to a life of crime. In large measure society is responsible for that; for when they return to a life of crime, in many instances the cause is that, after their discharge from penal institutions, they have no opportunity to secure work and little opportunity to regain their place in society. We are all to blame for that. I think it only fair at the outset of my remarks to make that statement.

I realize the difficulties under which the penitentiaries are operating today. I know some of the shortcomings in connection with the administration. In saying these things, however, I cannot do other than mention the fact that, while the Archambault report was handed down a good many years ago and while there may have been some explanation for not implementing many portions of that report during the war years, there were few excuses prior to the war and since the termination of hostilities there have been few excuses that the government could rely on.

As I see the situation it is this. The officials of the penitentiaries operate under, as I said a moment ago, an antiquated system in respect of which there has been little change in the last 100 years. So far as the staffs are concerned, within their power they are trying to carry out their responsibilities, but as I hear their story they find themselves in a position of being subjected to too many regulations from headquarters in regard to the administration. There has been a dilatoriness about everything.

Mention has been made this evening—and I mentioned it myself—that the report was handed down some nine or ten years ago and little has been done. I think, sir, that if those who are inmates of the penitentiaries, and particularly those who are discharged from these institutions, were of such numbers as to make their influence felt, many changes would have taken place in the administration of penitentiaries as a result of the representations made by those who have been discharged. Look at it as fairly as we may, all of us realize that there are shortcomings, definite nonfeasance. Representations are made from time to time and reports are handed down, but how few of us are prepared to take the interest necessary to make a great issue of the matter of penitentiary reform in our country. In Britain they were prepared to do that, and great leaders took up the cudgels and led the way. In Canada it has been otherwise. Private institutions, charitable institutions have undertaken the work. The Canadian Prisoners' Association has done a remarkable work. At the convention recently held in the city of Windsor, recommendations were made that might well be brought before the house and possibly later in this debate an opportunity will be given for the purpose.

There are those who speak of the number of recidivists, and certainly the statistics show that there are great numbers. But that has not been my experience with those whom I have known who have served in penitentiaries. The proportion has not been great so far as Saskatchewan penitentiary is concerned. Certainly it has not been as high as in other penitentiaries across the country, and one of the reasons has been that we have not had there a meeting with the older prisoners. New prisoners who come in, many of them desiring to reform, later on come under the influence of older and more experienced men, but there we have not had so many of the old-timers, the dangerous criminals, and the result has been that many who have been discharged from that institution have returned to civil life and are making good citizens.

I think of one man whose case I brought to the notice of the house. I will not mention the name, but the facts regarding him are in the knowledge of the former, and no doubt of the present, Minister of Justice (Mr. Ilsley). Some seventeen years ago a young man in Saskatchewan was sentenced to life imprisonment in the penitentiary. He served for a period of years. When he entered the penitentiary his idea was that he would endeavour to live down the crime he had committed. He was convicted of murder and there was a commutation. He served in the penitentiary for fifteen years. When he entered the penitentiary he was in grade two or three. He continued to take advantage of the opportunities there. He accepted positions of responsibility in the service and by 1941 or 1942 had passed examinations equivalent to entrance into university.

All through the years this man studied; all through the years he dreamed of his freedom when his crime should have been expiated, and in 1944 he was granted ticket of leave and was discharged from the penitentiary, subject to monthly report. He joined His Majesty's forces, became a non-commissioned officer with the rank of sergeant, served for a period of approximately two and a half years, was discharged with a perfect record and is today living in Saskatchewan, restored to the district in which his crime was committed, and there enjoying something of the appreciation of the people at large for what he has done and what he is now trying to do.

Sometimes we look at the dark side, but here is an example of a young man who has proven that if he is prepared to accept the responsibilities that rest upon him, if he is prepared to take advantage of what is offered today, small as it is, there is hope for our penal institutions. But just because of such an example—I have pointed out one and there are others—it does not mean that this is general. Later on as I speak, I intend to refer to other examples and then to place before the house a few suggestions.

One suggestion I make now. That young man today, after having served approximately three years in the armed forces, has returned to his own district and is still required to report to the mounted police every month. There is a change that could be effected. Remove that disability, because disability it is. The police know where he is. He wrote to me the other day and pointed out this situation, and he said, "I will do my part if only you are able to secure the support of those in charge of administration to relieve me from being penalized for the rest of my days and required to report".

There is my first suggestion, that when a man is discharged from the penitentiary he

should be given an opportunity to become rehabilitated. Do not hang about his neck a mandatory order that requires him, wherever he is, to report each month his whereabouts and also that he is willing to return to penitentiary when he is called upon.

On motion of Mr. Diefenbaker the debate was adjourned.

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

Tuesday, May 27, 1947

The house met at three o'clock.

PRIVILEGE

CANADIAN NATIONAL-CANADIAN PACIFIC ACT—PRESS REPORT AS TO INVASION OF PROVINCIAL FIELD

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, I rise to a question of privilege. The Montreal *Gazette* of this morning carries a Canadian Press dispatch concerning the introduction of Bill 254, to amend the Canadian National-Canadian Pacific Act, 1933, which gives the impression that the proposed amendment is to permit the federal government to invade the provincial field in regard to the labour relations of the railways.

The purpose of the bill is to give the federal government jurisdiction over rates of pay, hours of work and working conditions of the employees of the Canadian National and Canadian Pacific Railways. Parliament has exclusive jurisdiction over these railways, and the object of the bill is to occupy the field in so far as labour relations of their employees are concerned. The government considers it is now time for parliament to exercise its jurisdiction by legislating in the field of labour relations as affecting the construction, operation or maintenance of these railways.

Mr. GRAYDON: Did not the minister use the word "invade" yesterday?

Mr. CHEVRIER: Yes, I did use the word "invade", but I intended to use the word "occupy". But then the press report went on to say that a question was asked by the hon. member for Peel (Mr. Graydon) with reference to whether the government intended to invade this field without the consent of the provinces. I do not think the hon. member used any such word. He simply asked whether we had obtained the consent of the provinces, and I said it was not necessary. The press report stated that I replied, "not necessarily", and clearly indicated an intention to invade the field. There is no such intention at all. We already have the field.

[Mr. Diefenbaker.]

COMMITTEES OF THE HOUSE

CHANGES IN PERSONNEL—PUBLIC ACCOUNTS—INDUSTRIAL RELATIONS—MARINE AND FISHERIES

Right Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved:

That the name of Mr. Macdonnell (Muskoka-Ontario) be substituted for that of Mr. Harris (Danforth) on the standing committee on public accounts.

That the name of Mr. Knowles be substituted for that of Mr. Moore on the standing committee on industrial relations.

That the name of Mr. Moore be substituted for that of Mr. MacInnis on the standing committee on marine and fisheries.

Motion agreed to.

DEFENCE COOPERATION

SECURITY RELATIONSHIP BETWEEN CANADA AND UNITED STATES IN NORTH AMERICA

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I should like to direct a question to the Secretary of State for External Affairs. Perhaps it should more properly be directed to the Prime Minister, but I sent notice to the Secretary of State for External Affairs because I knew it was at least partly within his purview. Does President Truman's request to congress yesterday for enactment of legislation "authorizing a programme of military collaboration with all countries of the western hemisphere" mean that there has been any alteration in or extension of the policy of collaboration between Canada and the United States which was announced by the Prime Minister earlier this session?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The answer is no.

Mr. GRAYDON: Then in view of the fact that the legislation requested evidently would open the way for Canada to make purchases from the United States through a new avenue, would not that be an extension of what was originally announced to the house?

Mr. MACKENZIE KING: I have seen nothing in the statement which to my mind extends the meaning of what I said in the house some time ago. I do not know if my hon. friend has something in mind that I cannot fathom, but I gather he wishes to know if the statement made by President Truman

alters in any particular the statement I made here some little time ago, and my answer is no, it does not.

FOREIGN EXCHANGE CONTROL

STORAGE OF GOLD—CHANGES IN REGULATIONS RESPECTING UNITED STATES FUNDS

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Last week I asked the Minister of Finance about the storage of gold by certain mining interests. Yesterday I believe an announcement was made regarding the reimposition of certain measures of foreign exchange control as they concern United States currency. Could the minister give the house a statement regarding the latter matter, and is he prepared to answer the first question, which I asked him last week?

Hon. DOUGLAS ABBOTT (Minister of Finance): No, I am not yet prepared to make a statement on the question asked last week. It is continuing to receive very careful consideration. As my hon. friend will appreciate, it is not a simple question, nor is it free of certain complications, but I will make a statement to the house at a very early day.

Mr. COLDWELL: What about the reimposition of foreign exchange control?

Mr. ABBOTT: On that matter it is a fine question as to what announcement should be made in the house and what should not. There is no change in policy with respect to the regulations announced yesterday. The house will recall that when the foreign exchange control bill was before the committee last year it was suggested that Canadians should have the right to retain in their possession a certain amount of United States dollars, and an amount of up to $100 was suggested. It was decided to do that as a trial measure. It has been found that the retention of United States dollars by Canadians, presumably as a result of that general provision, has substantially exceeded the amount involved in a similar period last year. For that reason it was decided to change the regulation and provide that amounts up to $10 only could be retained, and that a person going to the United States could take only $25 in all without obtaining a permit, of which $10 could be United States currency. There is no change in the regulations which allow any Canadian wishing to go to the United States for travel or other purposes to obtain reasonable amounts of United States dollars. The only difference is that he must go to the bank, obtain a permit on form H and have that permit when he reports at the customs office at the border.

WHEAT

INQUIRY AS TO PAYMENT ON 1944 CROP

On the orders of the day:

Mr. T. J. BENTLEY (Swift Current): Can the Minister of Trade and Commerce inform the house whether a payment on the 1944 wheat will be made at an early day?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): There will be a payment on the 1944 participation certificates this summer. This morning the hon. member sent me notice of his intention to ask this question, and I was in touch with the wheat board in an effort to give my hon. friend and other hon. members of the house more definite information in this regard. The best information I can get now is that every effort is being made to get these payments out as quickly as possible, but they cannot be more definite than that it will be as early as possible this summer. Later today I hope to have an opportunity to make a statement in connection with participation payments and other matters connected with wheat.

TIN

INQUIRY AS TO STEPS TAKEN TO RELIEVE ALLEGED SHORTAGE

On the orders of the day:

Mr. C. E. STEPHENSON (Durham): I believe hon. members have received letters pointing out that many factories in Canada may have to shut down owing to a shortage of tin. Would the Minister of Reconstruction and Supply make a statement as to whether anything can be done immediately to rectify the situation?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I received notice of this question only a few minutes ago. While Canada's allocation of tin for 1947 was only 75 per cent of the allocation for 1946, supplementary purchases have been made and I was told recently that the situation is improving. However, I will try to find out the situation as at the present date and give a more detailed answer tomorrow.

TRANS-CANADA AIR LINES

LOSS OF TRANSPORT PLANE ON PACIFIC COAST

On the orders of the day:

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Yesterday the hon. member for Weyburn (Mr. McKay)

inquired about the lost T.C.A. plane. His first question was:

Has the search for the T.C.A. plane lost on April 29 on the Pacific coast been abandoned?

I am instructed that the R.C.A.F., who carry on searches and rescues in connection with planes, as the official government service, advise that the search has been officially abandoned. T.C.A. report that they are still following any clues that may come in, in an attempt to solve the fate of the plane. The second question was:

When will the investigation of cause of loss be commenced and what will be the personnel of the investigating body?

The answer is that the investigation has been completed. The board was composed of R. Carter Guest, Mervyn Fleming and Norman Terry, all senior officers of the civil aviation division, Department of Transport. The third question was:

Have any claims for damages been filed?

T.C.A. advise us that no claims have been filed.

Mr. FULTON: If I may ask a supplementary question, is the minister in possession of any information with regard to the report that messages from the plane were heard at Ashcroft and Lytton? I believe these reports came in during the course of the last week. Has any further information come to light in that regard?

Mr. HOWE: Complete investigation indicates that there is no authenticity in these reports.

COASTAL FISHERIES

INQUIRY AS TO POLICY OF CONSERVATION

On the orders of the day:

Mr. THOMAS REID (New Westminster): As the house will recall, last session I brought the matter of offshore fisheries to the attention of the government, and in this connection I would like to direct a question to the Secretary of State for External Affairs or the Minister of Fisheries. It arises out of a statement made in the house last week by the Prime Minister, in which he said that among the resolutions to be introduced in the house this session was one respecting the conservation of fisheries on the high seas. The question is, has the government decided whether or not it will adopt a policy of conservation of coastal fisheries on the high seas similar to that enunciated by President Truman in his declaration of September 28, 1945?

[Mr. Howe.]

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): On September 28, 1945, President Truman made two declarations. In order to make the answer complete and intelligible I think I should recite the first one, which was as follows:

By virtue of and pursuant to the authority vested in me as President of the United States, it is hereby ordered that the Secretary of State and the Secretary of the Interior shall from time to time jointly recommend the establishment by executive orders of fishery conservation zones in areas of the high seas contiguous to the coasts of the United States, pursuant to the proclamation entitled "Policy of the United States with Respect to Coastal Fisheries in Certain Areas of the High Seas," this day signed by me, and said secretaries shall in each case recommend provisions to be incorporated in such order relating to the administration, regulation and control of the fishery resources of and fishing activities in such zones, pursuant to authority of law heretofore or hereafter provided.

The second declaration had to do with placing the subsoil and sea bed of the continental shelf under the jurisdiction of the Secretary of the Interior for administrative purposes pending the adoption of legislation. I take it that the hon. gentleman's question refers to the first declaration, which has to do with the conservation of sea fisheries adjoining the coast. The answer to his question in that sense is in the affirmative. The government intends to introduce a resolution in that regard, as the Prime Minister stated on May 21, 1947.

EXTERNAL AFFAIRS

CANADIAN EMBASSY AT WASHINGTON—PROPERTY FOR RESIDENTIAL PURPOSES

On the orders of the day:

Mr. GORDON GRAYDON (Peel): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether the government has yet made any decision with respect to the projected acquisition of property for the purposes of the Canadian embassy at Washington.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Yes, Mr. Speaker, a decision was made this morning, and before coming into the house I ascertained that it had received the approval of His Excellency, authorizing an offer for the property for residential purposes which was under consideration.

Mr. GRAYDON: How much is the offer?

Mr. ST. LAURENT: $300,000.

THE BUDGET

DEBATE ON ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Friday, May 23, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the Chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Muskoka-Ontario) and the amendment to the amendment of Mr. Coldwell.

Mr. J. G. LEOPOLD LANGLOIS (Gaspé) (Translation): Mr. Speaker, I shall make the most of the opportunity I am afforded of taking part in the budget debate to discuss exclusively the important matter of relations between the central power and our various provinces.

We have heard several hon. members express divergent opinions on the subject and we have noticed more particularly the objections raised by hon. members who, in line with the principles that their provincial leaders have advocated, stand against the dominion government's policy in this respect.

I shall first point out that those who do not favour acceptance, on the part of the provinces, of the central power's proposals, have put forward no new argument but repeated only those which were stated by anti-confederationists during the conferences held by way of preliminary to Confederation. In fact, on October 24, 1864, Mr. E. B. Chandler, of New Brunswick, member of the legislative council, speaking on a motion of Mr. Oliver Mowat, said the following:

> We agree to a legislative union.
> We set about destroying the constitutions of local governments, thus relegating the latter to the humble status of great municipal corporations.

Mr. A. A. Dorion who, at the time of Confederation, led the anti-confederationist movement in Quebec, expressed similar opinions and claimed that the resolutions passed at conferences were an attempt to establish a centralized federative union, as is shown by the following excerpt from one of his speeches on the subject:

> The confederation I suggested was a true confederation, entrusting vast powers to local governments and allotting only a certain amount of authority to the federal government.

He continued:

> Such a confederation is very different from the one now suggested to us, for the latter hand over powers to the central government, reserving for local governments the slightest possible degree of freedom of action.

You will recall that Hon. Maurice Duplessis, ever since he came to power in the province of Quebec, has often quoted these two excerpts. Yet, in spite of arguments put forth by Mr. A. A. Dorion and others, including Hon. Maurice Duplessis, confederation has been in effect since 1867 and the provinces have not yet been reduced to the status of great municipal corporations, far from it.

In fact, our Canadian provinces have grown and prospered together with the rest of the nation and have thus contributed to the building of one of the most prosperous and free countries of the world. Our past constitutes a brilliant refutation of the arguments put forth by the opponents of the proposals submitted by the dominion government. However, we must not pause there because the achievements of the past compel us to prepare our future. As the Canadian nation develops, it must solve administrative problems of ever increasing importance.

In 1867, one of the main obstacles to Canadian confederation was the settlement of financial problems. The task consisted in granting subsidies to compensate the loss of revenue incurred by certain provinces entering confederation, on the one hand, and enabling those provinces, by means of subsidies to establish, on the other hand, provincial budgets sufficient to permit the various provinces to meet their obligations towards the people and act as local governments within the framework of the confederation.

Mr. Speaker, a brief study of the expenses incurred by the provinces since confederation under the three main administrative headings clearly shows that the subsidies provided in 1867 are no longer sufficient. For instance, as far as education is concerned, the current expenses have increased in the following proportions from 1867 to 1930:

1867: $2,500,000 or 78 cents per capita;
1896: $8,000,000 or $1.60 per capita;
1913: $37,500,000 or $5.00 per capita;
1921: $88,000,000 or $10.05 per capita;
1930: $119,200,000 or $10.54 per capita.

The maintenance expenses of highways have doubled from 1921 to 1930, increasing from $364,000,000 to $734,000,000. From 1867 to 1937 there has also been an increase from $1,200,000 to $284,000,000 in the budget of those same provincial governments as regards social services and public welfare. The logical conclusion, Mr. Speaker, is that the subsidies granted the provinces in 1867 are no longer sufficient, in spite of the increases obtained since, and especially in 1907, when the Canadian constitution was amended.

Is it not a fact that one of the provinces was once on the verge of bankruptcy, while the financial position of two others is far from steady.

Moreover, our country's development since 1867 has increased the scope of the administrative problems of the various governments which make up confederation; those national problems require settlement on a national scale.

The first step in that direction was taken in 1927 by the dominion government when they introduced old age pension legislation in order to help provincial governments who could not afford expenditures on such a large scale. When the act first came into operation, the federal authorities paid only 50 per cent of expenses, but in time they had to raise their contribution to 75 per cent of the total cost. The pension provisions for the blind are another example of federal intervention directed towards helping the provinces in the solution of purely provincial matters. I could also mention the Unemployment Insurance Act and the Family Allowances Act.

Who would dare contend that our country will keep on growing through strict adherence to what was laid down in 1867 by the fathers of confederation? Moreover, the dominion proposals would simply apply to our present needs the principles on which confederation was based in 1867.

Those who oppose the federal plan claim that such proposals are directed against provincial autonomy and are conducive to centralization. The argument with respect of autonomy cannot possibly be serious. Autonomy means independence, neither restricted nor limited, but full and complete even in the financial field.

Economists might say that as long as the family, the municipal corporation and the province are financially independent, so will be the country as a whole. But such autonomy and independence may not be achieved when the contrary is true, as it is unfortunately so at the moment in too many cases.

Is an invasion of provincial autonomy possible, when an amendment to the constitution is not even necessary to authorize provincial legislatures to negotiate with the dominion? Is an attack on provincial autonomy possible, when the legislatures are perfectly free to accept or to reject the federal proposals? Is centralization possible, when the dominion is willing to surrender to the provinces exclusive jurisdiction in the administration of social legislation? Are we threatening the autonomy of provinces, when we provide them with the means of meeting their obligations to the people? Do our provincial premiers believe that the autonomy of the provinces is better protected when, in order to balance their budgets, they must resort to foreign lenders, as was too frequently the case in the province of Quebec from 1936 to 1939? In the 1930-1935 period, when the central government, under the leadership of the Right Hon. R. B. Bennett, distributed unemployment relief benefits and contributed 50 per cent of the cost of municipal works, why did the province of Quebec not worry about its autonomy as it does today? Was the fact that such unemployment relief benefits and 50 per cent contributions came from a government wholly sympathetic to the present leader of the Quebec government sufficient to protect her autonomy? I leave it to my hon. friends of the opposition to answer this last question.

The hon. member for St. Maurice-Laflèche (Mr. Hamel) speaking on this matter on Wednesday, May 21, quoted figures that I cannot accept. Indeed, as shown by the record, at page 3309, the hon. member stated:

> Even the dominion proposals, however, uphold an intolerable discrimination. Subsidies vary according to each province, here as elsewhere; the per capita grant paid to the province of Quebec will be the lowest in the country. Ontario's will amount to $18.04, Alberta's to $18.64, Saskatchewan's to $19.03, Nova Scotia's to $19.20, New Brunswick's to $19.69, Manitoba's to $19.77, British Columbia's to $21.29 and Prince Edward Island's to $24.31, while that of Quebec will be only $17.29, namely, $2.37 less than the average rate.

My hon. friend seems to have followed the example of the member for Charlevoix-Saguenay (Mr. Dorion) who is reported, on page 1689 of *Hansard*, as having said:

> In the last twenty-five years, when I had to plead cases before the courts of my country, I always made it a point to present facts, and once the facts were proven, draw conclusions.

The hon. member should have added: but only such facts as could serve the purpose of the cases which I pleaded.

That is possibly why, following that example, the hon. member for St. Maurice-Laflèche quoted only such figures as enabled him to draw conclusions in line with his opinion on the government's policy in the matter of direct taxation.

I shall therefore immediately demonstrate this serious omission of the hon. member in his summary of the dominion's proposals to the provinces.

I have chosen to outline the proposals made to four of the provinces: Quebec, Ontario, Nova Scotia and British Columbia, i.e., two central provinces, one of the maritimes and one of the western provinces.

The proposals were as follows: $12.75 per capita (which amount was offered to all provinces without exception), plus the statutory subsidies guaranteed by confederation; plus 50 per cent of the personal income and corporation taxes as collected in 1940 in each of those provinces, plus the family allowances already paid, and the dominion's contribution to payment under the pensions act for the aged and the blind. The aggregate amounts for the four provinces mentioned are as follows:

Quebec—$42.66 per capita.
Ontario—$38.01 per capita.
Nova Scotia—$44.86 per capita.
British Columbia—$39.84 per capita.

The average for all provinces in Canada is $41.43. It will be seen therefore that Quebec's share exceeds the average by $1.23 per capita, whereas Ontario's will be $3.42 short of the average. Can it now be held that the dominion's proposals discriminate against the province of Quebec?

Family allowance statistics show that, under the act, Quebec is getting $22.24 per capita while Ontario gets only $16.69, British Columbia $15 and Nova Scotia $20.82. According to our estimate of what the province will obtain from the financial agreements proposed by the central government, Quebec, in case of acceptance, would receive a total sum of $63,011,000 in 1947, or three times what she collected in 1940 in personal and corporation income taxes, plus $1,511,000. Besides, the central government guarantees minimum subsidies to the provinces and this amount would be $56,383,000 in the case of Quebec. In addition, the federal government makes an alternative offer of $15 per capita, instead of $12.75 plus 50 per cent of personal and corporation income taxes, to those provinces who had no income or very little income from these sources, in 1940. Each province is free to accept this uniform amount if she thinks that her interests are better served thereby. It seems, however, that Saskatchewan and Nova Scotia alone could benefit by this alternative offer.

Such are the proposals of the federal government to the provinces. They were submitted to them in the best interest of our people as a whole and, to use the words of the Right Hon. Prime Minister of Canada (Mr. Mackenzie King), on a totally free and temporary basis.

Mr. Speaker, I have prepared a table which I will be glad to show the hon. member for St. Maurice-Lafleche, whenever he wishes to secure information so that, in future, when he speaks on the matter he may state all the facts without reservation.

In the last few days, Mr. Speaker, we have followed an interesting debate on the legal aspects of the proposals submitted to the provinces. Our so-called nationalists, who have now taken the name of autonomists, claim that the British North America Act grants the provinces exclusive jurisdiction in matters of direct taxation.

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

Mr. LANGLOIS: Surely.

Mr. HAMEL: Could he tell us who stated in this house that the provinces had exclusive jurisdiction in matters of direct taxation?

Mr. LANGLOIS: The hon. member for Charlevoix-Saguenay (Mr. Dorion) speaking on the budget, a few days ago—I cannot specify on what day, but it was last week—

Mr. HAMEL: Could the hon. member quote the statement?

Mr. LANGLOIS: The hon. member for Charlevoix-Saguenay quoted part of a judgment, which in fact was not a judgment, but a statement by a judge, who was attempting to prove that the province of Quebec, in a special case had obtained a favourable ruling from the privy council, granting her not only the exclusive right, but priority, in case of conflict.

Mr. HAMEL: Quite so.

Mr. LANGLOIS: Mr. Speaker, as I was saying a few moments ago, we have heard for the last few days an interesting debate on the legal aspect of the proposals made to the provinces and I stated further that our so-called nationalists—I believe I did hit at least one of them—who assume today the title of autonomists, claim that the British North America Act confers exclusive jurisdiction on the provinces as regards direct taxation. I certainly do not share that view, which is at variance with numerous decisions by our highest courts and is not consistent with the way sections 91 and 92 of our constitution should be construed. However, that does not prevent me from respecting the opinion of our friends in the opposition who claim further that our language, our faith and our most sacred rights are endangered by those they are wont to call "the Ottawa centralizers". I wish, nevertheless, to suggest to those hon. members, whose sincerity I do not question in the least, to face the facts as they are. It is not by voicing protests, and expounding nationalist arguments that they will safeguard our rights and freedoms, should such rights and freedoms be really imperilled, as they claim. Let us suppose, for a moment,

that those gentlemen are right and let us ask them if, in the light of existing texts, and especially in the light of the decisions given by the privy council, and finally taking into account the opposite views expressed both in this house and outside, they are justified in taking refuge behind the protests they voice as protectors of their race and as the last bulwarks of our rights and freedoms. I believe that we must rather be realistic in approaching that important problem and that we have no right to harbour a feeling of false security. Moreover, I claim that if we want our rights and freedoms to be safeguarded, we should not merely assume that they are sacred and inviolable, but rather that it behooves us to ensure such inviolability through concrete and definite facts.

My hon. friends opposite must realize that there is now in Canada an important group of socialists whose aim is to establish a planned economy and who do not hesitate, at all times, to prophesy, should they ever assume power, a complete upheaval in the economy and the mode of life until then known in this country. Therefore, are we not justified in dreading the future should those socialists ever come to power in Ottawa, because their policy of planned economy and what they call social planning cannot be carried out without encroachment on provincial prerogatives? Would it not be better if, to show its respect for provincial autonomy, the dominion should set a precedent giving further practical evidence of its intention not to take advantage of prior or exclusive jurisdiction in the field of direct taxation?

This precedent is now being set when this government offers the provinces a temporary agreement—and I insist on the word temporary—recognizing provincial jurisdiction and asking the provinces to enter into such an agreement for the simple purpose of avoiding duplication of taxation and costs of collection. The opportunity is given us to set this precedent for the benefit of the future generations of this country as a whole and of each of the provinces. It is a new idea but one to my mind worth trying for it implies a genuine guarantee of our rights and liberties, and especially because I should be extremely loath to let my French-speaking compatriots' future depend solely on the right of veto held by the present Prime Minister of Ontario, as our opponents would have us do. Recent statements by the originator of the famous principle "equality of sacrifice" are still too fresh in my mind.

Mr. Speaker, I am dealing with the concern expressed by the hon. member for St. Maurice-Laflèche who in a nightmare of nationalist apprehension—I was going to say alarm—sees our racial group ruled with a rod of iron and deprived of its essential freedoms.

In answer to his remarks, may I remind him that it is not by preaching fear and suspicion to our French-speaking compatriots that we shall encourage them to go on playing the part which they have taken up to this day in this great and wonderful Canada of ours.

I submit that French civilization in America is past the survival stage and is waiting only for the growth of a new generation of bold and proud youths to burst into bloom. I am sorry for my hon. friend, but I cannot conceive of a French-speaking Canadian who takes pride in the achievements of his forebears, wishing that his racial group be confined within the limits of some Canadian reserve.

I have no hesitation in saying that we need have no fear to go forward in Canada side by side with our compatriots of any race or creed. I say also that our French civilization compares with any other. What would have been the point in surviving, if we chose to perish within the confines of self-imposed limitations.

Mr. Speaker, I say also to my hon. friend for St. Maurice-Laflèche that we are not a group of failures who should be segregated in a separate enclosure. We have enough courage and mettle not to surrender our own heritage in order to seek refuge in a narrow and benumbing separatism. My hon. friend might find a source of inspiration more in keeping with the aspirations of our fellow countrymen if he borrowed the words with which the Right Hon. the Prime Minister of Canada, during the war, urged French-speaking Canadians to raise the torch of French civilization which had fallen from the hands of agonizing France.

Mr. Speaker, returning to the important problem of dominion-provincial relations, I state that the people of my province do not share the views of their present leader; if the hon. the premier of the province of Quebec has any doubt on the matter I challenge him, on behalf of the French-speaking members on this side of the house, to vindicate his policy by immediately going to the people on this very issue.

Moreover, if he is sincere and if he still claims that our rights and freedoms are really threatened, it is his duty to appeal to the people. I need not have an exceptional amount of courage to challenge Mr. Duplessis and his satellites to fight that issue with us before the Quebec people, because I am convinced that the population of my province still

possesses enough pride and courage to continue its magnificent contribution to the building of a powerful Canadian nation on the American continent.

(Text):

Mr. H. R. ARGUE (Wood Mountain): Mr. Speaker, I think all hon. members would be happy to see this debate concluded at the earliest possible moment. However, this is indeed an important budget and deserves the conscientious attention of all hon. members. As has been said so many times already in this debate, the most glaring fault in the budget is that nothing was done for that half of Canadians who find themselves with incomes less than the minimum necessary to get into the taxation bracket at all. The government surely has slipped up badly in not having done something to increase the living standards of these people, who are finding it so difficult to get along under present conditions.

On looking over the changes in the amount of income tax for this year, I can see that the reduction for those in the lower brackets has been considerably more than it has been for those in the higher brackets, in relation to what they paid at the beginning of this year. It seems to me that to reduce by 54 per cent something which is unfair is to take away only 54 per cent of the unfairness and still leave something which is exceedingly unfair. I have worked out a little table of my own, comparing the relief granted in the various income tax brackets. I have done this with regard to a single man, but the same thing applies generally to a married man, to a married man with two children, and so on. If one takes the income tax relief in dollars for 1947 as a whole, as compared to the tax at the beginning of this year, and then relates that tax relief to the man's income, one sees that the effective amount of relief has been low in the low income brackets and relatively high in the middle and higher income brackets. If the man with an income of $1,000 should be given tax relief of $10 or one per cent, surely all will agree that the man with an income of $10,000 should not be given relief of more than $100, which is one per cent, the same proportionate amount. The single man, however, with $800 income has been given tax relief in this budget amounting to $3 or ·375 per cent of his gross income. To the single man with an income of $2,000, the tax relief is $47, which amounts to 2·35 per cent of his income. Not only is the man with an income of $2,000 already making two and a half times as much as the man with an income of $800, but the government are giving him in tax relief six times as much, on a proportionate basis, as they are giving the man with the $800 income.

The same thing applies going up the scale to the higher brackets, and to a greater extent, until one reaches the $7,500 bracket. A man with $10,000 income is granted relief of $393, which is 3·93 per cent, or more than ten times as much relief as is granted to the man with an income of $800. I say that the emphasis has been placed entirely wrongly in this budget. The only basis for fairness would have been to increase the exemptions far above the present $750 for a single man and $1,500 for a married man.

I note also that a married man with an income of $1,800 pays $36 in taxes and a single man with the same income pays $180. The married man with an income of $1,800 is given, through the income tax laws, an additional net income of $144 compared with a single man earning the same income. Going up to the $10,000 bracket, a single man pays a tax of $2,253; a married man with that income pays a tax of $1,190. To a married man earning $10,000, the government allows $263 with which to maintain his wife, as compared to a single man earning that amount and as compared to the $144 for maintaining his wife allowed to a man who earns only $1,800. I think that that difference in tax, as between a married man and a single man, should be the same in all income tax brackets. Here is a married man with $10,000 income who gets $7,767 net income on which to maintain himself and his wife, and he is paying to the government $263 less in taxes than a single man with that amount.

As I said before, the tax relief for a single man with an income of $800 amounts to ·375 per cent of his gross income, the magnanimous sum of $3. The married man earning $2,000 gets tax relief in 1947, compared with the present rate, of $24, or 1·2 per cent. A married man with two children earning $2,000 gets tax relief of $16, or an increase in his income through tax relief amounting to ·8 per cent.

The government through this tax relief is giving to persons in these income tax brackets increases in income anywhere from about one-third of one per cent to 1·2 per cent; and the change in the cost of living index from March this year to April this year amounted to 1·7 points. The change in the cost of living in one month has more than wiped out all the tax relief the government is giving the people in the year 1947. Surely that is not good enough. The government should have given a good deal of tax relief to the people in the lower income brackets, and

maintained price control, so that the people in those brackets would be able to obtain the necessities of life.

But while the average income earner in Canada is not faring well, we see that the corporations are making very large profits. An article in the *Financial Post* of April 12 says this:

> Caught between high taxes and sharply rising prices consumers are not going to be any more complacent when they learn that company profits have been mounting. A survey of the combined results of sixty companies show earnings almost 30 per cent higher than in 1945.

Then it goes on to say:

> The same trend is abundantly apparent in the United States where President Earl Bunting of the National Association of Manufacturers bluntly warns if the constant sudden upward winding of the spiral continues you will see one of the most terrible busts this country ever had.

Corporations are making more money than they have ever made. The government is giving them in addition great taxation relief. And the corporations in return are going to give to this country "one of the most terrible busts".

The Nesbitt, Thomson and Company revised index of dividend payments shows that corporation dividends are on the increase. Taking the index of 100 for the period 1935-39, the following figures will show the upward trend:

January, 1946	131·2
July, 1946	140·2
January, 1947	155·3
March, 1947	156·8

Dividends are going up by leaps and bounds.

I have figures here showing the profits of some of the companies which supply goods of great importance to the consumers of Canada. The table is as follows:

Company	Net Profit After Taxes, 1945	Net Profit After Taxes, 1946	Increase in Profits
Easy Washing Machine Company	$ 25,496	$ 50,594	about 100 per cent
Building Products Limited	335,242	1,295,434	286 per cent
Canadian Western Lumber Company	459,619	1,019,428	121·8 per cent
Canada Cement Company	1,080,140	2,178,523	101·6 per cent

It will be noted that some of these companies supply building materials. No doubt the great increase in profits is one of the main reasons why houses cost so much more today than they did a few years ago.

But the cost of living is not the only thing that is going up. The cost of production for farmers in western Canada has gone up at a tremendous rate in the last year and a half. A year ago this spring the government removed the subsidy of 45 cents a barrel which was paid on crude oil shipped to the prairie provinces from the United States. At the time of the withdrawal of the subsidy the companies were allowed a two cents a gallon increase in the price of gasoline. That two cents would take care of the subsidy of 45 cents, and perhaps a little more. But the two cents a gallon increase was allowed on all petroleum products sold in western Canada, even including gasoline manufactured from crude oil taken from the Turner valley. The companies were thus able to make large profits on the increased price granted for all their gasoline, irrespective of the crude from which it happened to be made.

On April 1 of this year the government removed its three-cent wartime tax on gasoline. At the same time it removed the ceiling on that product. The companies absorbed the tax that the federal government was otherwise getting. It is too bad that the government had not removed the three-cent wartime tax on gasoline before it lifted the price ceiling. Then the people would know that the companies have, in effect, taken over the taxing powers of this government, because they increased their price by that three cents, or more. In tractor gasoline in Saskatchewan there was an increase of four and a half cents —and that is the most important fuel sold to farmers in that province.

The oil companies did not do so badly in 1945 and 1946. These figures will serve to show the profits:

Company	Net Profit, 1946	Net Profit, 1945
Imperial Oil Limited	$17,326,112	$16,616,586
B.A. Oil Company	3,319,572	3,151,334
McColl-Frontenac Oil Company	3,218,596	1,464,515

Mr. MACKENZIE: Was that a net profit?

Mr. ARGUE: Net profit after taxes. I am sure that with the large increase in price they are obtaining for their products in western Canada, and to a lesser extent throughout the rest of the nation, these companies will make still higher profits in 1947. Another reason they will make higher profits lies, of course, in the removal of the excess profits tax, which is to take effect at the end of the year.

A year ago the agricultural implement companies got a 12½ per cent increase in price. The two Canadian companies made considerably more profit in 1946 than they did in 1945. The profit of Cockshutt Plow Company increased 18·4 per cent. The profit of the Massey-Harris Company increased from $1,588,480 in 1945 to $2,125,570 in 1946, an increase of 29·5 per cent.

Mr. MAYHEW: Can the hon. member give the profit on domestic business and export business?

Mr. ARGUE: I tried to get the figures of those companies broken down in that way, and I was told they did not keep their books in that manner. All I am pointing out is that the trend is upward. I venture to say their profit in 1946 was greater than in 1945, and certainly I would be pleased to have the assistant to the Minister of Finance, if he can, bring forward evidence to show that the reverse was true. I have tried to find out what were their profits on Canadian business only, but I do not think that is too important because I believe the trend is definitely upward. If that is not so with these companies they are different from almost all other companies doing business in Canada.

The government is claiming to give income taxation relief amounting to anywhere from 54 per cent to seven per cent. It is estimated that personal income taxes for 1947-48 will bring in $625,000,000, or a reduction of $70,000,000 from $695,000,000 estimated for 1946-47. This represents a decrease of about ten per cent in the amount of money the government expects to get through personal income tax in 1947-48 as compared with 1946-47. Then the government estimates that in 1947-48 it will obtain $300,000,000 in corporation taxes as compared with $239,000,000 in 1946-47; but it expects to get only $170,000,000 in 1947-48 through the excess profits tax whereas in 1946-47 it obtained $449,000,000. The total taxes the government expects to get from the corporations of this country in 1947-48 amount to $470,000,000, as compared with $688,000,000 in 1946-47. This reduction in taxation on corporations amounts to more than 31 per cent, as compared with 10 per cent for the salaried men, the wage earners and the farmers. I say this government has fallen down badly; that it is giving tax relief where tax relief is not needed, and that it is not giving tax relief to those who today are suffering through the rise in the cost of living. I have friends in this city; I have friends in western Canada, and in talking to these people I find many of them are actually in dire need because of the rapid rise in the cost of living. These people were expecting that if the government would not maintain price control at least it would exempt those in the low income groups from the payment of any income tax whatever.

When one reads the daily and weekly press, or almost any magazine, one finds scattered throughout warnings that a depression or a recession is imminent. I think it behooves the government to state in the budget what its programme is to maintain prosperity and see that a depression or recession does not come. I believe one of the most important things it could do would be to take complete control of the banking system of this nation, and there are very good reasons for that. One is that in 1945 the chartered banks of this country had three times as much invested in government securities as they had by way of loans. In that year they had $3 invested in government security for every $1 they had on loan. In other words the governments of this nation, federal, provincial and municipal, are supplying the income of the banks; and I say that when any corporation depends upon the government for its income it is time the government owned that corporation.

The banks, too, have done very well in the last few years. I was able to get the 1946 profits of only a few of the banks. I have here the figures for the Bank of Montreal and the Royal Bank of Canada. In 1945 the net profits of the Bank of Montreal were $3,514,522, while in 1946 their net profits were $4,487,782.91. The profits of the Royal Bank increased from $3,828,143 in 1945 to $4,020,895.51 in 1946. The dividends paid by the Royal Bank increased from $2,100,000 in 1945 to $2,800,000 in 1946. If we are not to experience a depression then we must see that purchasing power reaches the hands of the people who want to spend the money on consumer goods. Banks are willing and glad to lend in times of prosperity, but in times of depression they are not willing to lend and do not lend. It does not matter what steps the government may take to see that the reserves of the chartered banks in the central bank are adequate; if a depression is upon us they do not lend, not matter how high their reserves may be. So I suggest to the minister that by nationalizing the chartered banks the government will obtain a very good instrument for preventing depressions.

Throughout the budget speech of the minister, on one page after another, he refers to our dependence for our prosperity on what happens in the United States, pointing out how

closely our economy is linked to the economy of that country. According to an article appearing in the Toronto *Daily Star* of May 15, ten leading economists in the United States, of whom three were former heads of the OPA, believe that a crisis is imminent in that country. The Minister of Finance stated that our prosperity might continue to be reasonably good provided there was not a depression, or a recession as he called it, in the United States. Well, I think it is time we saw to it that we had a measure of prosperity in this country all the time depending upon the resources of this nation, not depending upon what may or may not happen in the United States. I do not believe the United States is following or will follow economic policies that will enable Canada, if our present practices are maintained, to have prosperity; and that applies to all the other nations of the world as well. I do not think the United States is going to admit the imports necessary for foreign nations to have the American dollars they need to buy the imports they require from the United States. The minister pointed out that we were short of American dollars, had an adverse balance of some $603,000,000 in 1946; and an article in the *Financial Post* of May 24 states that at the present rate Canada is buying United States goods, and the present rate at which we are selling goods to the United States, this year we shall be short of American dollars to the extent of $850,000,000. The government should take steps to see that that situation is corrected, and I suggest that as they have seen fit to make a contract for the bulk sale of Canadian wheat to Great Britain, they should be willing and prepared to make contracts for the bulk importation into this country of the goods we need from countries like Britain which need our dollars to pay for our wheat.

In conclusion, Mr. Speaker, I think that the budget falls short in many respects. The most glaring fault is the lack of a single provision for improvement of the economic position of the majority of Canadians whose income is so small as to keep them out of the income tax brackets.

2. The tax relief granted in the lower income brackets is proportionately much less than that granted in the middle and higher brackets. For example, the tax relief in 1947 for a single man earning $800 is $3. This relief equals only ·375 per cent of his total income. But a single man earning $10,000 is afforded tax relief of $393, which is equal to 3·93 per cent of his income. This relief is proportionately ten times greater for the man in the $10,000 bracket than for the man in the $800 bracket.

3. The government's headlong policy of decontrol has resulted in a sharp rise in the cost of living. This trend is shown by the increase in the cost of living index from 121 in April, 1946, to 130·6 in April, 1947, a rise of approximately 8 per cent. This 8 per cent increase in the cost of living far exceeds the tax relief granted in the budget, which for a married man in the $2,000 income bracket with two children, amounts to only ·8 per cent.

4. The 1948 income tax for a married man earning $1,800 is $144 less than the tax for a single man earning an equal amount. But not only is the married man earning $10,000 left after taxes with an income of $7,747 as compared with $1,636 for the married man earning $1,800; he is taxed $253 less than the single man with an income of $10,000.

If a married man in the $1,800 bracket is allowed only an additional $144 on account of being married, this amount should apply throughout all the brackets.

5. At a time when the standard of living of the mass of the Canadian people is being reduced, company profits are at a record high. Dividends, too, are on the upgrade from the index of 131·2 in January, 1946, to 156·8 in March, 1947. Profits of the major Canadian oil companies are much higher in 1946 than in 1945 and promise to be still greater in 1947 with the large and unwarranted increase in gasoline prices.

In the midst of all this, the reduction in anticipated taxation revenue from corporate enterprises is from $688,000,000 in 1946-47 to $470,000,000 in 1947-48, a reduction of more than 31 per cent. This compares with a reduction in anticipated personal income tax revenues of only ten per cent.

6. Because of the increasing dependence of chartered banks for income on holdings of government securities, and because of the need to increase the volume of purchasing power in the hands of the public at the onset of a depression, I believe the time has arrived when it is in the public interest that the chartered banks be nationalized.

For all of these reasons, Mr. Speaker, I feel that the budget has failed the Canadian people and consequently I shall be forced to vote against it.

Mr. ANTHONY HLYNKA (Vegreville): Mr. Speaker, on his first budget speech the Minister of Finance (Mr. Abbott) has been showered with bouquets from all sides of the house. The kind references to the minister are a good indication of the esteem in which

he is held by members of all parties. These references may be taken as a recognition also of the minister's all-round ability. I too should like to join with those who have already congratulated the minister on the delivery of his first budget speech in the house. I should like to add, however, that along with their congratulations hon. members should have also expressed sympathy for the minister in his present position because, as he no doubt knows, he is now the chief target on the government side not only for members of this house but for the Canadian people generally. It is my view that if the minister does become the subject of bombardment from this side of the house it will not be as a result of any weakness on his part but because he has allowed himself to become the spokesman of the old debt-creating system which belongs to the sixteenth century but persists in running Canada's financial policy in the twentieth century.

Whatever the outcome of my forecast may be, I would in all sincerity suggest to the minister that he request the leader of the house to place him on the front benches, as near to the Social Credit group as possible, so that it may be easier for us to get at him. The present seat which the minister occupies may be convenient for him as he appears to be well shielded, but that seat is definitely inconvenient for the opposition members. What I am saying bears out the contention of the Social Credit members that it does not matter how able or how popular a member may be before he is appointed a minister of finance; he is bound to fail because he is given an impossible task, that of operating a money system which cannot distribute to the Canadian people the goods and services which they require. So we sympathize with the Minister of Finance, but we sympathize even more with the Canadian people.

During the debate thus far, government supporters have lauded many features of the budget, and of course the opposition have criticized it quite severely on some points. So far as I am concerned I shall undertake to show that this budget does not meet with the requests of the Canadian farmer.

On the 16th day of April, 1947, a delegation of farmers presented a nine-page brief to the Minister of Finance, his deputy and their advisers, requesting that the government do something to assist the Canadian farmers, at least in the west, in keeping the agricultural industry on a stable basis. The delegation placed fourteen recommendations before the minister. Let me read each one and then express my opinion whether or not these requests were granted. No. 1 reads as follows:

Four year average for income tax purposes.

In parenthesis, the Alberta Farmers' Union states:

We were advised that this was a matter of government policy and would have to be dealt with by the Minister of Finance and his cabinet.

The fact remains that the Minister of Finance and the cabinet have not acceded to this request. Let us take No. 2:

That in case of dispersal sales of live stock, an equivalent number of animals to those owned on January 1, 1941, be considered a capital asset and not subject to income tax.

Has the government granted this request? The reply is, of course, no. In parenthesis, the delegation which interviewed the Minister of Finance, in publishing the report of their visit to Ottawa, said:

. . . would be given consideration and they could see logic in our argument that foundation herds should be established as the year of 1941. They were going to look into this matter and see what recommendations could be made along this line.

Well, so far the government, and I presume the Minister of Finance or his advisers, have had time to look into the matter and either grant this recommendation or refuse it. In his budget the Minister of Finance said nothing on this point, so I take it that the request was not granted.

Recommendation No. 3 read as follows:

That exemptions be raised to $1,200 for single and $2,400 for married persons and proportional increase to dependents.

We all know that the minister did not grant this request. In their report the delegation also said:

This also was a matter of government policy.

Therefore recommendation No. 3 was not granted either. Let us take No. 4:

Allowance for labour of farm families in connection with production on the farm.

Has anything been done in this regard? Well, the reply is obvious. The government has not granted this request either. Let us take No. 5:

No further responsibility for income tax on farm wages.

The reply of the government spokesman was that it would be quite impossible to grant this request because it was felt that the tax should be collected at the source, and the farmer should be expected to collect it the same as any other employer; therefore request No. 5 was not granted.

Let us take request No. 6:

Board of arbitration on income tax cases.

The reply which was given to the delegation was to the effect that this had already been set out in the act, and it was only a matter of time before this board would be appointed. The fact remains that so far the arbitration board has not been appointed; consequently thus far the request has not been granted.

Recommendation No. 7:

That payment of arrears of interest and principal on the home farm, due before 1940 be allowed as deduction for income tax purposes.

After having listened to the Minister of Finance and after having read his speech carefully, I did not find a single reference to this particular request, which is an important one so far as farmers are concerned. The delegation urged that payment on old debts and arrears of interest be deductible for income tax purposes. The government officials stated that they would look into the matter after they had pointed out to them the reasons why the delegation asked for this concession. It was due to the trying times of the thirties when the farmers were not in a position to pay off their mortgages, and a considerable amount of this debt accumulated interest over a period of years. On this question I may point out that industrialists, some of the oil companies and gold mining companies, are granted certain privileges when they begin their operations, to enable them to get the proper start. I commend the government for that, but why should not the same principle be applied to the farmers?

Recommendation No. 8:

Provision for final clearance to all taxpayers within two years.

The delegation was told that the government would give immediate attention to this as soon as they were able to get sufficient staff. In parenthesis, the delegation said:

They have had this in mind for some time and consider the taxpayer entitled to clearance and they were hoping to do it within one year instead of two.

The argument there is that the government is unable to do it at the present time because of insufficient employees. What is wrong with our veterans? Why not employ these young men? I know many of them who are qualified and are certainly eager to learn, and they could learn to handle this problem and to do this type of work. Why not ask them to come in to do this work? Surely they are entitled to it. To say at this time that there is insufficient staff is, to my mind, a poor excuse. The government has not granted this request.

I now come to request No. 9:

No special exemptions to any class but full provision for proper expenses.

[Mr. Hlynka.]

We know there are certain types of employment where expenses are not allowed. Hon. members know that until a year and a half ago they were obliged to pay for telegrams and other expenses; that they were not allowed to charge these expenses to the expense of being a member. We are now compensated in another way. It matters little what provision it may be, every taxpayer should be entitled to deduct legitimate expenses when they are connected with the obtaining of income. So far, No. 9 has not been altogether adjusted.

I now come to No. 10:

Simplification of income tax forms.

Everyone who has had to calculate his income tax knows that this year as in previous years it was still a difficult job. Unless one studies the various clauses of the act and the various questions in the form, it is quite difficult even for a man who has had something to do with filling out forms of various kinds. Let us take a farmer. I maintain that it is absolutely impossible for a farmer to know where to begin and what to enter and what to leave out, to know whether to claim exemption or not. So that simplification of income tax forms is one thing the minister should look into, and the government should provide assistance to every person who cannot compute his own income tax deductions. This has not been done so far.

11. In computing net worth statements over the years 1941-1945 the increase in value of live stock and implements, which has come about through the general advance in prices, should be discounted, and an equal amount of this property valued on the same basis per unit for both years.

I might say a word about this net worth system of collecting taxes. I understand that the net worth system is applied in the three western provinces, and in Alberta the income tax officials go as far back as 1941. I understand that in Saskatchewan they go back to 1942, and in Manitoba, in some districts, they go back to 1941, while in other districts they go back to 1942. Why the difference? Surely this government fully realizes that it is unreasonable to demand that a farmer at this particular time should pay for the first years immediately after the outbreak of the war, because the farmers had just got through a ten-year depression. The government were not concerned then with the problem of siphoning back to the farmer a certain amount of purchasing power but now that he is making a little money, they feel that they should siphon it off as fast as they can. This system of computing the farmer's tax is unfair.

I took up several cases with the officials of the income tax branch, and I do not believe, although the officials were very kind, that the

farmers in general felt they were being treated as well as they should have been. They felt that the inspectors simply came around and put down what they thought the farmer's income was and what his expenses were. I feel that number 11 has not been granted them.

12. Uniformity of interpretation and administration of the income tax act. It should not be left to the discretion of district inspectors to vary the provisions of the act.

Incidentally, the officials of the department agree with the delegation on this point, but so far nothing has been done. As a result, this request was not granted. I come now to a very important one:

13. The brushing and breaking of new land should be considered as a current expense.

I have already pointed out that certain companies drilling for oil are allowed, for the first three years, I believe, certain privileges. Why should not the farmer be entitled to the same privilege? So far, however, that has not been done.

14. Money expended in drilling or boring wells or excavating dugouts on the farm, together with all equipment for same, should be chargeable as a current expense.

This is the last request of the Alberta Farmers' Union delegation, and this request has not been granted.

When we study this budget from the point of view of the farmer we must conclude that it is a poor one, because it has not granted a single request of the fourteen which were submitted by the farmers; and this organization, by the way, is the largest farm organization in Alberta. Other farm organizations have placed before the government similar requests and they have not been granted. In other words, the requests of one-third of our total Canadian population have been ignored, and that is something that I feel the Minister of Finance should review, to see what can be done for this group of citizens who, as we all know, constitute the basic industry of this country. So much for income tax as far it affects the farmers.

When the Minister of Finance made his speech he placed several tables on *Hansard* and compared the proposed income tax on Canadians with that imposed on United States citizens. I happen to have run across an issue of *World Report* of May 27, 1947. This publication sets out a table giving a comparison between the taxes paid by Canadian citizens and those paid by Americans.

Let us take the tax paid by a married couple with two children. In Canada, under the old system, the one still in existence, the taxpayer in the $2,000 income tax brackets, having a wife and two children, pays $68, and under the new system, $36. In the United States, under the old system, the one that still operates, the taxpayer did not pay anything. Under the new system he will not pay anything.

Let us take next the $2,500 brackets. In Canada, under the old system, the taxpayer would pay $192, and under the new system, $130. In the United States, under the old system, he paid $95 and under the proposed system, $66.

We now come to the $5,000 class. In Canada, under the old system, the tax was $910, and under the new system, $630. In the United States, under the old system, it was $589 and under the new system, $471.

In the $10,000 brackets, in Canada it was $2,646 under the old and $1,930 under the new. In the United States it was $1,862 under the old and is $1,489 under the new.

I think that is sufficient to show that the United States taxpayer does not have to bear the burden which the Canadian taxpayer has to bear; and we all know that the earning power of Americans is greater than that of Canadians.

There are two other things to which I wish to refer. From groups of farmers in my constituency, I have received a number of resolutions and requests in regard to the increase in the price of binder twine. One of these resolutions reads in part as follows:

Members of the Alberta Farmers' Union, local No. 77, wish to draw your attention to the proposed increase in the price of binder twine. In view of the fact that all commodities purchased by farmers have increased tremendously and prices on farm products have been kept under rigid control, it is needless to say that the proposed increase in the price of binder twine would be acutely felt by the farmers, and would tend still further in upsetting the balance of economy in the agricultural industry.

We therefore request your assistance in making a firm stand against any such increase.

I feel that I am justified in placing this request before the government so that they may give it the proper consideration.

The other point I wish to mention is in regard to the refundable portion of the income tax which was collected by the government from Canadian citizens. As we all know, the refundable portion which was deducted in 1942 will be refunded some time after March 31, 1948. I have had several requests from persons all across this country—persons who find themselves in a difficult financial position and persons who have become sick—that their refundable portion be refunded to them on making application at this time. I discussed the matter with the Minister of National Revenue

(Mr. McCann), and he prided himself on the fact that so far the government refused to refund this refundable portion to a single person, regardless of circumstances. Well, it may be a source of pride to the minister, but it seems to me that it is unreasonable. The government should appreciate the fact that these small wage-earners cooperated with the government throughout the years of the war. When these people find themselves in dire circumstances, if they can produce an affidavit or a medical certificate to show that their health has been impaired or that they cannot earn a living, it seems to me that we could make an exception and refund the entire amount that is due them. I know there are two exceptions. Persons who are sixty-five years of age or over may make application to the Minister of National Revenue and may get the refundable portion which is coming to them. The other exception is with regard to persons who die; they can get the money refunded, but they do not need it then. I should prefer to see the man who is living, and perhaps sick, get this money back so that he can recover. It is less important to pay out the money to whoever shares all his belongings after he is gone. Let us try to prolong the life of the living men. I know a man—he is not in my constituency; he happens to live in Edmonton—who requested that I do everything posible to get this refundable portion for him, because he has been in bed for weeks and weeks and has not a cent to his name. So far the minister has refused to do anything about the matter. I just wish to remind the government and the ministers concerned about this matter and I would plead with the government to do something along this line. Surely we can make exceptions when conditions warrant a certain change.

I realize that the house is anxious to conclude this debate tonight and take the vote. Therefore I shall not take up any more time on this occasion, and I wish to thank the house for the kind attention it has given me.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, on Thursday last the hon. member for Calgary West (Mr. Smith), in the concluding portion of his remarks while speaking in this debate, referred to the Canadian wheat board. I was in the house enjoying the speech of the hon. member and enjoying the nature of it and admiring my hon. friend's pleasant manner of speaking. That may be the excuse for my not following too closely just what was being said. However, over the week-end I took occasion to glance over *Hansard,* as I sometimes do, and I read for the first time that portion of the hon. member's remarks dealing with the Canadian wheat board. In fairness to him, as well as to me, to the department and the Canadian wheat board, I think I should refer to some of his remarks. He said, as reported at page 3341 of *Hansard:*

> I come now to discuss something of a serious nature, namely the wheat board . . . First I want to say this. There has been no meeting of the agricultural committee of this house, I think since 1942. At no time in the history of the wheat board since 1936 have the audited accounts of that board ever been placed on the table of the House of Commons. I do not want to be misunderstood. I realize that, by statute and in fact, statements have been filed by the board itself, but no audited statements have ever been filed as such and were never filed before any public body in Canada until a few weeks ago when they were tabled in a senate committee.

Later on in his speech, the hon. member said:

> This wheat board of ours cost, in 1939, in administrative and overhead expenses, $677,342; in 1942, $842,149; in 1945, $1,592,543. You will remember that this is all handling the same crop. I will admit they did take up some minor things like rape seed and a few incidentals which do not very much restrict or enlarge the picture.

Later, the hon. member dealt with a comparison of salaries, rentals and various other matters between the years 1939 and 1945, showing the difference in these figures in the total costs for each year. I think the hon. member will agree with me that to show a clear and proper comparison the cost should be based on the number of bushels handled in each crop year. However I shall deal with that in more detail later.

The hon. member went on to say:

> In the period, from 1936, when it was instituted, to 1945, the end of the crop year of 1944, this board lost in its operations $112 million.

And he stated further:

> We in this House of Commons endeavoured to have this matter referred to a committee where there might be an examination of the operation of this board, but we were refused that by the government. May I also say that both the groups to my left, if my memory serves me correctly, voted with the government.

This is a minor point. Although I believe I intimated in the house that the legislation should not, in my opinion, be referred to the committee on agriculture, I do not believe there was any vote on the matter. While there was an intimation from other parts of the house that the legislation should not be referred to the committee on agriculture, no one in any part of the house asked for a vote on that point. There was an overwhelming vote from all parts of the house, including the official opposition, in support of the legislation as introduced.

Then the hon. member for Calgary West states:

My second criticism is this: here we are paying in one year to a firm of auditors—

And so on. I know every hon. member, including the hon. member for Calgary West, would be anxious to be fair to any business firm which cannot speak for itself in the house. I think it is only fair to point out that this firm of auditors was first appointed in 1935, at the time of the establishment of the Canadian wheat board by the then Conservative government under the leadership of Mr. Bennett. I believe this is a capable firm of auditors, although I have no special knowledge about them, except by reputation. They have continued down through the years since that time.

Toward the close of his remarks the hon. member said this:

I close, sir, by repeating that I am not making any sign of a charge of dishonesty against anybody. But I say that this business has now cost the taxpayer $100 million odd, aside from what it has cost the farmer.

I know the hon. member for Calgary West was not thinking of making any charge of dishonesty. I know he and many other hon. members know personally the personnel of the Canadian wheat board, know them well and know them favourably. And the last thing they would wish to do would be to cast any reflection upon the wheat board; nor do I think that any such reflection was in the mind of the hon. member for Calgary West.

Mr. SMITH (Calgary West): I tried to make that clear.

Mr. MacKINNON: On more than one occasion during the course of his remarks the hon. member did say that, and that is why I read part of the context, to show that such was the hon. member's desire.

But there have been occasions when references have been made by hon. members, principally those of the official opposition, in regard to the general question of the accountability of the Canadian wheat board to parliament. I wish to show that the wheat board has fulfilled all its obligations in this regard. Annual reports have been submitted each year and have been tabled in the house by the responsible minister. In addition, the activities of the board have been the subject of examination by the committee on agriculture.

I wish to recall that I drew to the attention of the house on February 27 last the fact that—

Mr. DIEFENBAKER: When were the reports of the wheat board submitted to the committee on agriculture, and in what years?

Mr. MacKINNON: If the hon. member will wait a minute I shall be glad to give him that information.

I wish to recall that I drew to the attention of the house on February 27 last the fact that the reports and audited financial statements for the 1939-40, 1940-41, 1941-42, and 1942-43 crop years were given an exhaustive examination by the committee on agriculture and colonization in 1942, 1943 and 1944.

Mr. DIEFENBAKER: I do not wish to interrupt the minister unduly, but as a member of that committee may I say that in every case we were denied information, as a result of votes in the committee.

Mr. MacKINNON: No doubt the hon. member will be answered in what I purpose saying before I take my seat.

The report of the committee on agriculture and colonization dealing with the 1939-40 and 1940-41 annual reports of the Canadian wheat board reads as follows:

The committee directed its attention to a review of the annual reports of the Canadian wheat board as referred to in the order of reference and matters arising therefrom. These reports contained detailed information as to the amount of wheat (actual and under future contracts) handled by the board and its operations in the marketing of same.

Your committee was impressed, during its inquiry with the capacity and ability of the members and officials of the Canadian wheat board and desires to record its opinion that the marketing of Canada's wheat is being carried out by them in an efficient and businesslike manner.

The annual report for the crop year 1941-42 was also referred to the committee on agriculture and colonization and became the subject of exhaustive examination.

Mr. DIEFENBAKER: The minister will admit that no minority reports are permitted.

Mr. MacKINNON: Mr. Speaker, I would appreciate it if the hon. member for Lake Centre would just let me finish. What I am submitting to the house is not being submitted in any acrimonious spirit. It is simply offered in reply to observations made in the house concerning which I do not want any misunderstanding. And I am sure the hon. member for Calgary West does not want them misunderstood, either.

Particular attention was given to orders in council which became effective during that

particular crop year. In its report, dated July 20, 1943, the committee on agriculture stated:

The committee commends the officers of the Canadian wheat board for the comprehensive, detailed and lucid manner of presenting reports and accounts.

In its report at that time the committee on agriculture and colonization made certain recommendations in regard to the Canadian wheat board and government policy in regard to the handling of grain.

The report of the Canadian wheat board for 1942-43 was submitted to the committee on agriculture and colonization in June and July, 1944. After studying wheat board operations, the committee reported on July 7, 1944. Among other points dealt with in the report of the committee were the following:

The committee again commends the officers of the Canadian wheat board for the comprehensive and lucid manner of presenting the reports and accounts. The committee was gratified to learn that four of the recommendations of last year's report concerning policy with respect to flaxseed, to the allocation of cars, and the referring of the annual report of the Canadian wheat board to a committee of the house, have been given effect.

Owing to the pressure of other parliamentary work, the standing committee on agriculture and colonization did not meet in either 1945 or 1946, and I personally have no recollection whatever of any request or suggestion in either of those years that there should be a meeting of that committee to deal with the report of the Canadian wheat board. As I stated the other day, it is the intention of the government to refer the more recent annual reports of the board to the committee on agriculture during this session. Members of the agriculture committee at that time who are now in this house will recall the thoroughness of those discussions; and if hon. members who were not members of the agriculture committee will read the various proceedings of that committee they will find that a most exhaustive analysis was made of wheat board operations. In the light of this, surely the criticism of wheat board operations up to July 1, 1943, made by the hon. member for Calgary West, is definitely not well taken.

As far as the wheat board was concerned, I believe it was quite prepared to be examined on its later reports had an opportunity been provided through a meeting of the agriculture committee. As I stated during discussions in the house last February, the government is quite prepared to have the agriculture committee review all wheat board reports which have not been examined by this committee up to the present time.

[Mr. MacKinnon.]

Then the hon. member for Calgary West made certain comparisons between the cost of board operations in 1939-40 and certain subsequent years. Anyone who has closely followed the grain discussions in this house is aware of the vast expansion which took place in wheat board operations during the war. These enlarged activities have continued into the present crop year. It is quite natural that this increase in board operations should be accompanied by a positive increase in operation costs. Surely no one in this house expected the Canadian wheat board to undertake the responsibilities it carried in 1942-43 and 1944-45 at the same absolute cost figures as prevailed in the crop year 1939-40. I might state that in 1939-40 board operations consisted of the selling of wheat delivered to it—and at that time the grower could sell where he liked—from the 1939 crop and the disposing of stocks carried over from the 1938 crop. By way of comparison I would refer briefly to the 1944-45 report of the board, which sets forth clearly the board activities in regard to wheat, both western and eastern, and in regard to barley, oats, flaxseed, sunflower seed and rape seed; the administration of the drawback in respect of flour and other human foods containing wheat sold and delivered in Canada; the administration of price ceilings on whole wheat on behalf of the wartime prices and trade board, and the administration of equalization funds with respect to both oats and barley. This report also refers to the work of the board in connection with crown wheat supplies and the provision of wheat to countries in receipt of mutual aid.

To complete the picture, reference must be made to the circumstances under which the wheat board operated. As members of the house know, during the first four years of the war this country accumulated a vast wartime reserve of wheat. Responsibility for the storage and financing of wheat largely rested with the board. Hon. members will recall that on July 31, 1943, the carryover of wheat in Canada in public storage and on farms amounted to nearly 600 million bushels. The amount of wheat carried in storage facilities in this country exceeded our entire pre-war storage capacity. From August 1, 1943, this great accumulation of Canadian wheat started to move abroad and was almost completely disposed of, along with deliveries from succeeding crops, by July 31, 1946. The distribution of these stocks of Canadian wheat over a period of three years, in accordance with the food strategy of the final years of the war and in accordance with the urgent requirements of a hungry world since the war, represent a tremendous admin-

istrative problem for the board. During these same years our board has been engaged in making very large payments to producers from surpluses accumulated by the board in the crop years 1940-41, 1941-42, 1942-43 and 1943-44, and the adjustment payment in respect of the 1945 crop. These are the circumstances under which the board has operated since the early part of the war, and these are the circumstances which fully justify an enlargement in board operating costs.

In regard to the operating costs of the board, I believe the hon. member for Calgary West should have related the figures he quoted to the bushels of grain handled by the board. Had he done so, I am sure he would have drawn other conclusions. The administrative costs of the board on the wheat handled for producers remain today approximately what they were in 1939, a small fraction of a cent a bushel, in fact less than one-quarter cent a bushel, despite the added administrative load. I do not propose to deal with specific cost figures. As I have stated, ample opportunity will be given for the discussion of items of this kind in the agriculture committee during the present session of parliament. Participation payments available to the producers have amounted to $138,081,969.41 since 1940, of which $127,794,718.34 has been paid out and a balance of approximately $10,287,251.07 remains to be claimed by producers who are entitled to it.

Mr. SMITH (Calgary West): That is up to what date, which crop year?

Mr. MacKINNON: That is up to the end of the 1943 crop year. It should be made clear that these payments are additional to all payments received by producers at the time of delivery of their grain to country elevators; that is, the initial payment. Moreover, the board has on hand over $60,000,000 for distribution as final payment on the 1944 crop year. Distribution of this money will commence this summer, and when this payment is made the total participation payment distribution will have amounted to over $200,000,000.

The largest wheat board deficit, of $60,000,000—actually it is within a few dollars of $61,000,000—resulted from the marketing of the 1938 crop, when the board purchased wheat from producers at eighty cents a bushel. I wish to interject that this loss would, of course, have been much greater had the government acceded to requests from many parts of this house for a higher price for wheat. This initial price was approved by parliament, which was fully aware that a deficit might result from establishing a fixed initial price as high as eighty cents a bushel. At that time the government had in mind that western Canada had gone through a prolonged drought and a prolonged depression, and I am very glad indeed that we had in Canada an instrument through which a measure of stability could be placed behind the western economy when very low prices were prevailing in the markets of the world. The same basic position prevailed in 1939-1940, when a further deficit of some $9,000,000 was incurred by the board.

I should like to submit to the house a table showing the total amounts paid to producers, the cheques cashed in each crop year and the balance outstanding for each crop year on the crops from 1940 to 1944. The table is short, and I would appreciate it if the house would permit me to have it inserted in *Hansard*.

Mr. DEPUTY SPEAKER: Has the hon. member unanimous consent?

Some hon. MEMBERS: Agreed.

Mr. ROWE: Is 1944 the last year for which the minister has accounts?

Mr. MacKINNON: Yes. The table is as follows:

The Canadian Wheat Board

Payments to Producers to April 30, 1947

	Total amounts payable to producers	Cheques cashed to April 30, 1947	Balance payable, April 30, 1947
1940 wheat crop	$ 26,081,800 16	$ 25,751,563 50	$ 330,236 66
1941 wheat crop	15,305,476 69	15,096,749 02	208,727 67
1942 wheat crop	19,692,770 12	19,505,680 01	187,090 11
1943 wheat crop	36,725,167 12	31,219,595 92	5,505,571 20
1945 wheat crop—10 cents adjustment payment	23,543,840 58	19,578,863 26	3,964,977 32
1942 oats and barley crop	1,570,750 97	1,564,938 55	5,812 42
1943 crop oats	8,867,004 74	8,834,031 12	32,973 62
1944 crop barley	6,106,932 94	6,058,607 21	48,325 73
1944 Ontario wheat	188,226 09	184,689 75	3,536 34
	$138,081,969 41	$127,794,718 34	$10,287,251 07

From an operating point of view, I would point out that members of the Canadian wheat board have been drawn from the private grain trade and the pool organizations. The government has been fortunate in securing, as members of the Canadian wheat board, men with a wide and practical experience in the marketing of wheat. I believe that this has been an important factor in the efficient operations of the Canadian wheat board over a long period of years. Since I have been Minister of Trade and Commerce, and have come in close contact with the operations of the board, there have been several changes in its personnel but I think that all during those years the quality of service given by the board has been exceedingly high. We have lost men from the board from various causes, men who gave tremendously of all they had to the work of the board and then had to retire. We have had a recent loss in the person of Mr. Huntting who left the board some time ago. All these men have given great service. I should like to give the house a remark that was made to me by Mr. Huntting when he told me that he intended resigning from the board within a matter of a few weeks. He said that he intended taking a rest for a few months and then possibly entering into private practice. He told me that the people of Canada would lose the services of the type of men we have been able to get to serve Canada on the wheat board unless we took into greater account the actual monetary returns that should be made to them for their services. I think every one of these men could leave the government service and get from 50 to 100 per cent more for their services elsewhere. From my own personal knowledge I know that to be a fact, and it is for that reason I have taken this opportunity to express my high appreciation of the work of the members of the Canadian wheat board.

Mr. SMITH (Calgary West): If the minister will permit one question, he does not dispute, does he, a single figure I gave?

Mr. MacKINNON: If the hon. member will follow what I have said he will note that there is a very great difference in our statements.

Mr. SMITH (Calgary West): But the minister does not dispute a single figure that I gave, does he?

Mr. MacKINNON: Oh, yes, I do.

Mr. SMITH (Calgary West): Which one?

Mr. MacKINNON: What I have said speaks for itself, and clearly shows the difference.

[Mr. MacKinnon.]

Mr. G. H. CASTLEDEN (Yorkton): Mr. Speaker, my speech will be somewhat shortened by what has been said this afternoon by the hon. member for Vegreville (Mr. Hlynka). I want to congratulate him and his compatriot in our group, the hon. member for Dauphin (Mr. Zaplitny) upon their contributions to this house. They are a credit to themselves and an evidence of the real greatness of the Canadian people.

The 1947 budget was presented to us as one granting great relief to the income taxpayers of Canada. But reviewing the budget in its entirety and analysing its figures, I find that the greatest relief has not been in the income tax field at all but in the granting of exemptions from the excess profits tax as of December 31, 1947. It has been evident to the Canadian people and to us here for many, many months that monopoly enterprise as we know it in Canada has been putting pressure on this government to give it relief from the excess profits tax, along with its demands for the removal of price controls. Price controls were removed during the first few months of this year in spite of the tremendous increase in company profits which were being made in almost every field of Canadian industry. Attention has already been drawn to the tremendous increase that has taken place in company profits for 1946 in most of the industrial firms in Canada, and with the removal of price controls we shall find that these prices will rise abnormally. What justification the government had for removing price controls when profits were climbing as they were is best known to them. But the Canadian people are alert and are watching these things.

Mr. MAYHEW: Then the hon. member's prediction of gloom and despair is really a bogey. He actually expects prosperity?

Mr. CASTLEDEN: I shall come to the point which the hon. member raises if he will listen.

Mr. GIBSON (Comox-Alberni): You will be disappointed if we have prosperity.

Mr. CASTLEDEN: The final surrender has been that this government, on top of taking price controls off, now permits the removal at the end of 1947 of the taxation of excess profits. It should be remembered that the excess profits tax was imposed as a check on profits arising out of war business. It will be remembered that this government passed a special order in council setting aside the legislation passed in 1939 which limited profits on war contracts to five per cent, when these industrial firms refused to make badly needed

war goods so long as that act remained in operation. The excess profits tax was a tax on above normal profits arising out of war conditions. We maintain that the present situation, under which these companies are still making excess profits, arises out of conditions which are a direct result of the war; namely, there is an abnormal purchasing power in the hands of Canadian people as a result of war savings, gratuities and so forth, and, in addition, the ordinary peacetime requirements of the Canadian people in food, clothing and other goods were not available to them during the war. There has been this long period of security of goods, linked with a long period of pre-war scarcity of purchasing power, so that today the demand for goods was never greater.

In view of those conditions the checks of price control should have been maintained. If they are to be removed the least we could expect was that the government would continue to tax excess or abnormal profits. But price ceilings are being removed and the companies can now charge on most commodities all that the traffic will bear. The scarcity of goods and the purchasing power in the hands of the people in the form of war savings and war gratuities provide an effective market, and for a few months the industrialists of this country will enjoy greater profits. They are going on a profit spree today. We are opening the floodgates to an inflationary period which, I fear, will bring its consequences, and unfortunately, while the industrialists and those who are making these profits are having their spree today, all the Canadian people will suffer and suffer deeply in what will happen afterwards. Higher prices mean higher costs of living, and higher costs of production. The agriculturalist is not able to keep up, and the falling wages mean lower standards of living. All the benefits of the prevention of inflation are going to be lost to the Canadian people.

Mr. MITCHELL: The hon. member talks about falling wages. Would he give an example?

Mr. CASTLEDEN: I am talking about the natural fall in wages which will come as soon as the purchasing power of the Canadian people has been used up. With increased cost of living, savings will be taken away; people will not be able to purchase commodities at high prices and commodities will not be there.

Mr. MITCHELL: That is emotional economics.

Mr. CASTLEDEN: It is one of the minister's balanced economies, speaking in a large way. The Canadian people have been left to the uncontrolled and unrestrained profiteering of those who control many of the necessities of life, and essential commodities, such as food, clothing and shelter. The government in power has finally yielded to the pressure put on by those who are engaged in the distribution of Canada's necessities at the expense of the great mass of the people. I maintain that the results will not be felt for a year or two, but they are inevitable. There will be first a greater concentration of wealth in the hands of a few; second, a rapid depletion of the purchasing power in the hands of the Canadian people—

An hon. MEMBER: You hope.

Mr. CASTLEDEN: —and a period of excess profits. When this is over and Canadians can no longer purchase, production will be reduced; wages will fall and lay-offs in industrial plants will then be common. To prevent these results, controls should be maintained, and, above all, excess profits should be taxed.

An hon. MEMBER: You want to see a depression.

Mr. CASTLEDEN: I do not want to see a depression; I want to prevent it. The removing of controls and the allowing of an increase in profits, and then on top of that taking off the taxation on excess profits are two steps which make for an ultimate depression. The fight of the government of the country during the war to control inflation was an example to the world. The Canadian people benefited tremendously from the measure of control to which they subjected themselves, and they did so in most cases with very fine grace.

Great credit is due to the previous minister of finance for the way in which he dealt with those people who came asking for special privileges and the right to increase prices. This saved the Canadian people from years of inflation. We were the envy of countries outside of Canada; we were looked upon as an example, but today that is gone.

Mr. RINFRET: We still are.

Mr. CASTLEDEN: With prices going the way they are today, with costs soaring, with no limitation on them?

An hon. MEMBER: Not so high.

Mr. CASTLEDEN: I hear hon. members to my right mumbling. They have complained that price control and rationing were killing the initiative of Canadian industrialists. Well, today they are really enjoying a very high profit era, according to all the financial reports

received today. The Canadian industrialist is now being given his freedom and initiative to clean up for himself. The government is apparently giving him a free rein. The present uncontrolled monopolistic enterprise system is dying throughout the world except in the United States and Canada. I doubt very much whether it could withstand another depression.

I now wish to compare the treatment which the government has given to these privileged industrialists by the removal of the excess profits tax, with the treatment which has been given to another group of people at the opposite end of the economic picture, people who seldom reach the income tax level. I want to place before the house the treatment that these people are receiving under the income tax regulations, and particularly in western Canada.

The farmers of Canada, like most Canadians, did not object to paying just and equitable taxes. That particular injustice with which I wish to deal has not affected all the farmers across Canada, because the present injustice arises out of particular government regulations and restrictions which were placed upon these farmers in western Canada during the years 1942 and 1943. In those years the wheat farmers and wheat growers were, by very necessity, singled out by special regulations by this government.

Back in 1945 the Canadian Federation of Agriculture presented to the special senate committee on taxation a brief in which they protested against the inadequate and inequitable application of present income tax regulations to farmers, because those people who framed the present income tax regulations had apparently intended them for general business operations, and had failed to take into consideration the unique position in which the Canadian farmer found himself.

It is interesting to note that the present Minister of Finance (Mr. Abbott) in his budget speech intimated that the act was being revised. So far as the particular grievance which I wish to present is concerned, I fear that the revision will come too late. The damage has already been done and the injustice has been perpetrated; but I would urge the minister to have the act revised as quickly as possible. I would suggest also that in the name of what is proper, decent and right, steps should be taken immediately to right an injustice, which I am going to place before the house this afternoon. I think it is so glaring an injustice that it will arouse any fair-minded person who is familiar with its operation.

Two changes have been made in the farm income tax regulation, one which allowed the farmer who has a loss in any one year to charge that loss against the next year's operation. It was a rather useless piece of patchwork, because when a farmer gets into the position where he has an absolute loss in any one year, assessing him for income tax in the next year is not much of a relief.

The next amendment, which allowed the farmer to average his income over a period of five years, was the first real improvement, but it was apparently implemented by experts who were in touch with the situation, and it very nicely missed the most important year to the western grain farmer, namely, that of 1944. It has come too late to prevent grave injustice.

The complaint which I wish to present to the house—and I have mentioned it on several previous occasions—occurred in 1944. The Canadian people will remember that during 1942 and 1943, because of lack of shipping facilities and the war situation generally and the shortage of storage space and cars, the Canadian government found it necessary to place a quota against farmers delivering their grain. The government requested them, in an effort to assist in winning the war, to store their grain on the farm ready for the hungry people of the world and the armies in the field as soon as they could take it out. Again in 1943 a quota was placed against the farmer and he was requested to keep his grain on the farm. This the farmers did willingly. In some cases the quota was raised. It was as high as eleven bushels; but many of the farmers were compelled to take their production of those two years and store it on the farm at their own expense.

Mr. MAYHEW: Which was very profitable.

Mr. CASTLEDEN: I shall show the hon. member in a moment how profitable it was. They did not even ask the government to pay them something on production for that year. In 1944 the farmer was asked to deliver his grain, since the starving people of the world and the armies needed it to help bring victory. In the spring of 1944 the farmers hauled in their grain as rapidly as possible, only to find in 1945 their patriotism rewarded by having all their surplus grain production which they had stored in 1942 and 1943, and delivered in 1944, raise them into the income tax group. The officials came along and took all that production and placed it in one year and charged against them all the moneys they had received in the one year. No appeal from the treatment of the taxation branch has been successful. Some years later the farmer, who never even suspected that he would be placed

in the income tax group, is called into town by the income tax inspectors and asked for the permit books. The books are checked and the income is assessed for that year. Let me give some examples of actual cases that came to my notice.

A. This farmer in 1942 had an income of $950. The grain was still on the farm. His expenses were $1,100. He had a loss of $150 in storing the grain on the farm.

An hon. MEMBER: How much grain had he?

Mr. CASTLEDEN: There were several hundred bushels. In 1943 he had an income of $1,657 and his expenses amounted to $1,376, or a profit of $281. The grain is still on the farm, but he has not the cash income. Now we come to 1944. They ask him to deliver the grain and he hauls it out. In 1944 his total income was $4,764, and his expenses for that year amounted to $1,579, so that he had a profit of $3,185. On that he is taxed $380.

Mr. MITCHELL: Was that not spread over the three years?

Mr. CASTLEDEN: No, it was not, and that is the very point. In 1945 his income was $2,155 and his expenses were $1,237. He had a profit of $918.

This is the important point. His annual net profit over that period of four years was less than $1,100, or below the income tax level fixed by the Canadian people for a married man.

An hon. MEMBER: Would it be plus his living?

Mr. CASTLEDEN: His living for himself and his family is chargeable. He has to mark that in his returns as so much produce taken from the farm.

An hon. MEMBER: Why did he not show that he had so many bushels in stock? He should have shown that he had so many bushels.

Mr. CASTLEDEN: He was not liable for income tax because these fellows never paid income tax. Even in 1945 he was not told by the income tax inspectors of that time that it was possible for him to go on the accrual basis. I will give the figures and the information he has to fill out, in order to indicate his difficulties. As I say, this man's annual income over that four-year period was some $1,100, which is less than the amount the government fixes as taxable minimum.

Mr. MITCHELL: That is not a fair statement.

Mr. CASTLEDEN: You are not taxed on any income less than $1,200 for a married man. This man was under the impression that he was doing a patriotic service by building granaries at his own expense and storing grain when the government could not take it. If he had been allowed to deliver his grain he would not have been taxable. He would have been in the same position as any other farmer in Canada. But because he is a western farmer growing grain trying to fulfil the regulations of the government he is forced into that position. He was not informed in 1944 of what would be done. He did not find out until 1945. Such people did not earn enough money in any year to make them liable for tax. Government regulations forced this man into tax levels by compelling him to withhold sale. He could not believe that he would be taxed for carrying out the government's instructions. He was willing to suffer a loss in 1942 of $150 and live on a miserable profit of $281 in 1943. His appeals to the taxation division in Regina were, however, unavailing. He was charged a five per cent penalty for late filing, and eight per cent interest was charged against his arrears for the period during which he had not paid. He received the following letter from the income tax division under date of March 5, 1946:

Re: 1944 income tax assessment—$416.67

It would appear that your income tax assessment is in arrears as noted above, notice of which was recently forwarded to you. Will you please make arrangements for settlement immediately as interest at the rate of 8 per cent per annum is accruing.

This is not an isolated case but one that can be repeated in every village, town and hamlet in my part of the country, where the income tax officials have suddenly swooped down on the district and called the farmers in.

An hon. MEMBER: It is not only in the west.

Mr. CASTLEDEN: I can give the figures for the east. Let me take now case B. This man in 1942 was not assessable; in 1943 he was not assessable; in 1944 his assessment was $298 and his tax was $56.

Let us take case C in the same town. In 1942 he was not assessable, nor was he assessable in 1943, but they got the permit books and checked deliveries in 1944 of grain grown and all the work done in 1942 and 1943. In 1944 he delivered 2,397 bushels of wheat, most of which was delivered during the months of January to June and therefore could not have been grown in 1944. This amount was taxed

$187.95 for that year on grain which he stored for the government and the people of Canada. As one farmer wrote to me:

> They taxed me for two years' work and for storing my grain for them. I do not mind paying what is right but surely not this. If they think I will work and slave 16 to 18 hours a day and keep this grain for the government and then pay it over to the income tax, when they compel me to put all three years' production into the one year, they are badly mistaken. I will quit farming as soon as I can.

It is little wonder, then, that among the income taxpayers on the farm, the grain growers in western Canada, for the year 1945-46, Saskatchewan farmers paid more farm income tax than all the farmers of Ontario and Alberta put together, and that the grain growers of Manitoba were in many cases caught almost as badly.

If this is an example of justice as handed down by the present government it is little wonder that these farmers protest against it. The undeniable fact is that grave injustices were perpetrated under the present farm tax regulations. The Minister of Finance in his budget speech promised some action in the rewriting of the income tax act, which would indicate that he and his colleagues are aware that these wrongs and injustices exist.

The instances which I have given of injustices as applying to the grain farmers of the west are one explanation of the remarkable fact that in 1945-46 Saskatchewan farmers paid, for the 1944 income year, the sum of $2,587,632 in income tax, while Manitoba was caught similarly, whereas only 280 Quebec farmers were assessed and the total amount of their payments was $59,913.

An hon. MEMBER: Diversified farming.

Mr. CASTLEDEN: Yes, but they were allowed to deliver their produce. In this case, however, the government prohibited the farmers, by its regulations, from delivering their produce. What would your farmers say if there were regulations that prohibited them from delivering for a period of three years and then lumping it all in one and charging income tax on it? Yet that is what is being done here, and in the whole of the maritime provinces only 318 farmers were assessed for income tax, their total payments amounting to $82,588.

I should like to review the kind of forms which the farmer has to fill out. Along with the regular information given in the special form, he has to give his income, gross wages, and net income from professional fees, net profit from farm or ranch, net income from rentals and income from interest, dividends and so on, and total income, subtracting donations to charitable organizations, medical expenses and so on. Then under section 13 there is a tax on item 12-K, found in the tax tables on pages 3 or 4, less a 4 per cent reduction of item A as per the 1945 statutes. Then there is C, tax after subtracting B from A, and D, less applicable portion, if any, of British and foreign income tax paid. Then there is E, tax after subtracting D from C, then there is the provision with regard to family allowance, under section 17, and so on.

What I am trying to point out is that the complicated income tax form is far beyond the comprehension and ability of an ordinary person to gather together the information and do all the arithmetical work and accounting necessary. On top of this, the farmers have to include the special T-1 supplemental in which they give their farm receipts for the calendar year, showing their production from crops, grain; live stock, meats, et cetera; dairy products; fruits and vegetables; miscellaneous sales such as maple syrup and sugar; patronage dividends; produce raised on farm and consumed in the farm home. This is for garden produce, I suppose.

Mr. LESAGE: That is right.

Mr. CASTLEDEN: The government do not tax a person living anywhere else on that. I think it is absolutely ridiculous. Then farmers must show farm expenses; purchases of seed, purchases of live stock, cost of repairs and maintenance; general farm expenses; taxes on farm; interest paid; wages paid. The trouble is that very few farmers have the time to be accountants. What is required is a simplified form of farm accounting—

Mr. LESAGE: Have you a sound proposition?

Mr. CASTLEDEN: —where farmers can write down in a simple way what their produce is, what their income is for each member. The farmer is taxed as an individual for the income of the whole family. His wife and family all go together. The work of five or six is all lumped together and placed on the one man. That is not right. The form of the income tax forms put out by the government is unjust if you apply this type of thing to the average farmer.

The recent reduction in hog production in western Canada, which again this year shows a reduction, amounting to some thirty-seven per cent, can be traced to a large extent to the injustices which farmers feel with regard to their treatment under the farm income tax regulations.

Farm organizations have requested and suggested to this government, in view of the

peculiar nature of the set-up of farm industry, the violent fluctuations in income and the uncertainty of return for the work, that higher exemption be granted for every farmer for production in poultry, hogs and dairy products. If they would grant an exemption of $500 for the farmer in that type of thing, it would go a long way to relieve the feeling of injustice under which he is suffering.

Mr. LESAGE: The form would be more complicated.

Mr. CASTLEDEN: I think the form would be simplified, and it must be simplified. Exemption for farm income should be raised. There is not just the one man concerned. It is the man and his whole family. The Canadian Federation of Agriculture, in their 1947 annual convention, passed a resolution asking that the government increase the exemption to $2,400, if they are to maintain this type of return to be handed in by the farmer.

I realize that there are great difficulties in connection with this problem, by its very nature. The farmer does not keep records. If he had done so, and realized his actual position, I am afraid we should have had very few farmers left on the farms of western Canada to produce wheat. I think the same is pretty well true of farmers across the whole of the dominion. Those who have done that essential work need proper recognition, not discrimination and this kind of thing. I urgently request the government to implement immediately some change which will rectify this gross injustice which was done to the farmers in 1944.

I understand, Mr. Speaker, that the matter of Canadian immigration is before a committee of this house and that one is not allowed to discuss the subject at this time. If I had the opportunity, I would voice a protest for the people of my constituency against the present regulations. I will, however, refer to what our sister dominion, Australia, has done. Although less favourably situated, she is doing a great job in providing the people of Australia with an immigration policy. I believe arrangements were made for that country to take in some fifty thousand orphans from Europe. The Canadian people know what Canada can do, and the excuse that we have not the shipping is just not good enough. The Australian government have undertaken a programme of converting their shipping into passenger boats to bring immigrants to that country, and their programme calls for some seventy thousand a year. Canada and this government achieved great things in the war. What we did in the way of the British empire air training plan, our conversion in industry, in synthetic rubber production and the atomic bomb reveals what the Canadian people can do. The record is just too good for this government to turn around and say, "Oh, we can't do anything about it; we haven't the shipping." If the Canadian people and the Canadian government wanted the shipping, they could have it.

In closing, I should like to make a national plea for the government of this country and the Canadian people as a whole to realize what is happening and put a stop to what I will call the rapid Americanization of this Canada of ours. For years there has been a gradual draining off of Canada's wealth—our resources, human and material—to the great and wealthy nation to the south of us. United States capital is developing and controlling our natural resources such as pulp, minerals, oil and water power. Recent purchases, according to financial news, reveals the gradual passing of financial control of Canadian industry into the hands of United States capital. Wall Street is moving into Canada. During the war, control of a large block of Canada's water power was handed over to the subsidiary of a world aluminum combine. The Imperial Oil Company was granted by the federal government the sole right of exploration for oil and a large tract of oil-producing territory in the Mackenzie river basin. Hollinger interests have recently obtained the right to the development of what appears to be one of the greatest mineral resources in the northeastern part of Quebec and Labrador. Just a few days ago this house passed a bill to grant them the right and privilege of constructing a railway from the St. Lawrence river up into that area.

What is wrong with Canada? What prevents Canadian capital from developing Canada's resources for the benefit and welfare of the Canadian people? If Canada is to play her great part in interpreting the old world to the new and the new world to the old, we must make Canada here a land which will provide for our Canadian youth as a land of greatest opportunity for them, and a land which will attract the best from other countries. "Canada for the Canadians", might in many respects again become a slogan for the Canadian people if it is to prevent itself from becoming dependent upon a rich uncle to the south. We should be looking forward to the development of our own birthright, to making ourselves a growing nation, willing and capable of asserting herself as one of the united nations making her contribution to a world of peace.

It would appear at the present time that some such spirit as this is necessary if we are not to be absorbed entirely by our rich and powerful neighbour to the south. We have been greatly enriched by the diversity of our population, each group making its own contribution through its wealth of culture and ability. It is now the duty of the Canadian people to show that their unity creates a strength which can illustrate to the world that the peoples of the world can work and unite, and by cooperating can make a contribution to a world of peace.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. L. PHILIPPE PICARD (Bellechasse): Mr. Speaker, when one reads the debates which took place on the budget he necessarily comes to the conclusion that it must have been a grand evening in the House of Commons when the Minister of Finance (Mr. Abbott) delivered his budget. Of the things that have happened during my forced absence from the house on account of illness, this is surely the one I regret most to have missed.

I notice that the hon. member for Muskoka-Ontario (Mr. Macdonnell) said at that time that "we were in a sort of sunshine atmosphere." The leader of the Social Credit group (Mr. Low), exclaimed "we were carried along in such a happy mood." It seems that everyone was under the charm of a great performance. They could not have felt that, if they had not believed at the time that the proposals contained in the budget speech were wonderful.

Yet when the debate was resumed every opposition speaker seemed to find these proposals had something wrong with them. There is only one conclusion to be drawn; either the impression created when the budget speech was delivered was justified—and those proposals could not have deteriorated that much since then—or else the proposals were not as good as they looked, and in that case the minister must have been a wonderful illusionist —a new Houdini—who could create such an impression that he was that night a public benefactor.

One way or the other the minister deserves credit for his performance, and he must by now be satisfied with the many compliments he has received, to which I wish to add mine. Considering that this is the first budget of the minister, and one which brings a certain measure of relief to Canadian taxpayers, one naturally is bound to express admiration for the man who presents it and who supervises its drafting. He certainly deserves it. But the minister would be the last to resent, I am sure, my taking this occasion to pay a well earned tribute to his predecessor, to whom befell in a moment of crisis one of the most ungratifying tasks, but one which was carried with indomitable energy and courage. I do not necessarily subscribe to all the attitudes the former minister of finance the present Minister of Justice (Mr. Ilsley), may have taken, but I think he deserves the gratitude of the Canadian people for the way he has guided our financial policy. The present minister has all the ability and the tactfulness to carry him through his task, and his debut has been made under most favourable auspices.

It has been customary to consider the budget speech as an exposé of the country's balance sheet, and the proposals submitted by the government to finance, by way of direct or indirect taxation, expenditures necessary for the good administration of the country. It is not the summing up of an economic programme or the planning of a general economic and social policy. The monetary aspects have, therefore, always been given more prominence than actual economic repercussions or social consequences of the government's expenditures programme.

The proof of the ability, with that system, lies, therefore, in the balancing of the budget by maintaining the administrative expenditures at a level compatible with sound business practice, without impairing the efficiency of necessary public services; by providing for a reasonable programme of social security; and by keeping the burden of taxation at such a level that it will suffice to cover the expenditures while not imposing too great a strain upon the taxpayer, through heavy income taxes or vexatious indirect taxes.

Taxes are not, therefore, the extortion by the state of the product of labour, or income from hard-earned economies—in pure fantasy as intimated by one hon. member. Taxation provides a way to pay for services rendered. It has existed since time immemorial in one form of government or another. And the modern ways, though seemingly more complicated, are more just and equitable than the old. When I hear hon. members of a new political sect going around and saying that taxes should not exist, and that they would take them off if they came to power, I have a hard time to believe either in their sincerity or in their judgment.

It is right to criticize the nature and form or amount of taxes. But to preach against the

principle of taxation is illogical. No government likes to tax; no one has happily been faced with the obligation of taxing; but all have had to do it. Taxes, as I said, are a form of payment for value received. The value is the sum total of the administration of public services, and particularly as far as paying the costs of social security schemes is concerned. The whole country benefits by these expenditures, but money must be provided to pay them. Taxes, fairly calculated, justly calculated, are the means to do it.

What we have to ask is: have we value for our money; are we well administered, or is our money squandered? The second point is: are these payments collected from the right people and through the methods that are least likely to cause trouble or to become a burden upon those who pay?

This is what we have to look into, and this is what the citizens of Canada have to consider, rather than listen to those who pretend they can administer the country with thin air or dancing numerals.

I contend that, on the whole, this government has well administered the finances of the country through five years of war. If we accept the fact that there have been no startling abuses, and that all moneys expended had been provided by votes of the house, accounted for by treasury, or by the comptroller, we cannot but admit that what the Canadian people have paid during the war, and what it will pay now, it has wanted to pay. We have paid, through taxes and borrowing, for the cost of the war; and from now on we shall pay through taxes the interest on our borrowed moneys and the cost of our social security programme. We cannot eat our cake and keep it.

I was surprised to see in *Hansard,* that, of those who were criticizing the taxes we have to pay, many were the same people who, during the war, were advocating more and more expenditures. It is impossible to reduce taxes beyond a certain point, because we have the burden of interest on our war debt. Yet those who were clamouring for heavier and heavier commitments during the war are now among those who protest against taxation.

When the war was on, they paid in silence, and dared not protest; but today they claim that all taxes should be reduced. Unfortunately we have to face the music, and shall have to do so for a long time. Canada's national debt is a war debt; indeed, is is a two-war debt. In 1914, before we entered the war, our debt was $544,391,000. At that time we had to support the empire to make the world safe for democracy. The result was that from 1914 to 1920 the gross debt increased by almost $1,200 million, to a total of $3,042 million, due to heavy war and post-war expenditures.

In 1939 we rightfully took our part at the side of the allied nations, this time to stop Hitler, and to save the world from nazism and fascism. One of our ways of doing this was to feed Britain and to help finance her. Once Hitler was defeated, we had to help put Britain back on her feet. All that cost us an estimated $24 billion, or $2,000 per capita, while the United States spent about $339 billion, or an average of $2,400 per capita. From 1939 to 1944, as a result of that, there was an increase of $12 billion, incurred mainly for war purposes. And when the war was finished we realized that we had done a good deal for the allied cause. Let us say we did more than any other country except the big powers. It is true that, in spite of what we did, recognition in international affairs was not manifested to any great extent; it is true that Mexico, which did well but did not spend four per cent of what we spent, was invited to sit in the inner councils of the united nations. But at least we have the reward of satisfaction with a task well done.

It is worth while to note that in 1914 the interest on the public debt was only $12,893,000, which rose to $139,500,000 in the year following the first war and has now reached $461,000,000, or 37·36 per cent of the ordinary expenditures for the current year, which amount to $1,233,000,000. This interest is equal to seventeen per cent of the grand total of expenditures for the year, including war, special and so-called reconversion expenditures. Therefore my astonishment is great to hear some of those who, during the war, criticized the present government and stated it was not doing enough, stand up now and criticize the government because it has to keep taxation at a level sufficient to pay for the cost of the war and the administration of services.

That my hon. friend, the member for Beauharnois-Laprairie (Mr. Raymond) should protest against the impossibility of further reducing taxation, I am not surprised. He is logical with himself; he opposed the war expenditures. Yet I cannot agree with the statement he made in this house that all those expenditures and all our sacrifices were in vain, because as yet we have not the benefits of peace and already we must face new dangers. No matter what might lie ahead, we first had to overcome the dangers which were facing us at the moment. It may be that the world is heading for a new cataclysm, though I refuse to see it in the near future; but at the time the war expenditures were made these things had to be done. I

will admit that we could have been more moderate in some ways, that we could have kept an eye on our potentialities and not mortgaged our future to the extent we have. I admit that some Central and South American republics did less and have benefited more, and today are as highly respected as we are. But let us not forget that in Europe there are other nations which did not awaken in time and which paid dearly as a result. At the time these expenditures were undertaken it was hard to realize what should be done and what limitations we should put on them. It was hard to establish a reasonable limit to our commitments, because of the necessities of the war and also because of the mass hysteria which developed at the time among certain elements not only in our country but in many others. I do not regret having supported the government in the policies which it considered necessary and which required the expenditure of these large sums which have been added to our national debt. We have paid this money, and will have to pay the interest now, because we had to do it one way or the other. It may be that we did too much, but we had to do something, and now everyone should be ready to face the future and pay what must be paid.

According to the budget forecast, in 1947-48 we shall have to provide revenues to cover expenditures amounting to $2,100,000,000. At present rates of taxation the estimated revenues amount to $2,540,000,000. The minister has concluded, therefore, that revenues could not be safely reduced more than $160,000,000; so the extent to which this reduction will lighten the burden of Canadian taxpayers and the advisability of adopting the measures suggested by the minister are the main points with which we are now concerned.

The first reduction is made up of $40,000,000, resulting from the repeal of the gasoline tax. We shall not benefit much by that, because the provinces will enter the field at once. The most important reduction is the lowering of the income tax revenues by an estimated $110,000,000 for the present year and $175,000,000 for a full year. This phase of the budget has been generally well received throughout the country, and it brings relief principally to those in the lower income brackets. No matter how we feel about other aspects of possible reductions, I am of opinion that the taxpayers with lower incomes will be those who will more greatly benefit, and this is as it should be. This question has been so well covered by my colleague and neighbour the hon. member for Montmagny-L'Islet (Mr. Lesage) that I need not dwell upon it tonight; but it may not be unadvisable to look at certain of the proposals that have been made to bring about more relief for those with small salaries.

For a long time I was convinced of the possibility of raising exemptions to $2,000. If we consider the returns for 1946, at first sight this appears quite feasible within the limits of reduction set by the minister. For 1946 the sums collectable from people earning less than $2,000 amounted to $147,133,000. Therefore we are tempted to take this as the amount which would be lost if the exemption were extended to all those earning $2,000 or less. But the explanation given by the minister that such exemptions not only would affect people receiving less than $2,000 but would affect all taxpayers, and that ultimately those in the higher brackets would even benefit more, convinced me that this would be hard to do within the limits that have been fixed by the present budget. I consider, however, that it is of the utmost importance that the small income group be eliminated from our tax calculations at as early a date as possible, and that the efforts of our experts should be centred on that.

When referring to greater reductions in the income tax, the minister mentioned that if this were done it would necessitate an increase in the sales tax. Far from doing that, I think at the earliest possible moment the minister should start reducing this tax. Here, though I may scandalize some of my hon. friends, I agree with some of the remarks of the hon. member who preceded me this afternoon. I submit that this reduction could have been made this year if last year the government had not decided to repeal the excess profits tax as at the end of 1947. I can but wonder at the urgency that seemed to exist in the minds of some of the treasury advisers to lighten the charges on corporations. If we look at page 2552 of *Hansard* for this session we find that for the fiscal year 1946-47, personal income taxes were estimated at $695,000,000, the corporation tax at $239,000,000, and the excess profits tax at $449,000,000. In the corresponding column for 1947-48 the estimate for personal income tax is $625,000,000, which with the proposed reduction would amount to $515,000,000. The corporation tax is estimated at $300,000,000, which is $61,000,000 more than that of the preceding year, indicating that a larger income is expected to be made by corporations; but in the following line we see the excess profits tax estimated at $170,000,000 instead of $449,000,000, which is a reduction of $279,000,000.

I am quite willing to agree that the high excess profits tax which prevailed during the

war had to be lowered in order to permit some corporations to obtain added cash for expansion and reconversion; but I wonder if we did not go too far in reducing it to a straight fifteen per cent for the current year, and if we did not show too great an urgency entirely to free corporations of that charge by deciding that it would terminate at the end of 1947. The best arguments that could be advanced in favour of maintaining that tax until we liquidated most of our extraordinary expenditures resulting from war commitments can be found in the minister's speech, in the paragraph where he explains why, despite the representations of those who wanted it to terminate immediately, the government decided to maintain the tax until the end of the period which had been foreseen by the previous minister of finance, which is the end of 1947. The minister said, "We have taken into account the views advanced from many sides." I do not for one moment doubt his sincerity or that of his advisers, but I think probably big business is better equipped than the man in the street to substantiate its point of view on financial matters. It can engage technicians and economists to attempt to prove that repealing the excess profits tax would ultimately benefit the wage-earners, but I personally think differently.

In his budget speech the minister gave an eloquent lecture to Canadian business enterprise, but I doubt if this will prove enough to convince big business that it has much to do in the future for the preservation of free enterprise in a changing world. The experience of the past is that they understood when understanding was forced upon them by circumstances. In the United States they resisted Mr. Roosevelt's programme and fought him, and they could not understand that his energetic actions were saving them and saving the situation at a critical time. Anyone who might think I exaggerate need only read the speech made to the American Manufacturers' Association by Eric Johnston, chairman of the chamber of commerce of the United States, when he retired. We see today in the country to the south reactionary elements trying to destroy one after another all the accomplishments of the new deal, and a new form of hysteria permits it. The fear of communism has been so instilled into everyone that it is sufficient to label any proposal as communist to kill it.

I personally think that if we had been less generous with the corporations last year we might be doing more for the small salaried people this year by reducing the sales tax. According to the estimated revenue for 1947-48, at eight per cent the sales tax would bring $325 million. At six per cent it would mean a reduction of $82 million passed on to the masses of the people. If there had not been a cut of $239 million in the estimated revenue for 1947-48 on account of the excessive reduction of the excess profits tax and a complete disappearance of that tax for 1948, we might have been able to lower the sales tax by twenty-five per cent. At any rate that was the decision taken last year and my protest should have been made then. The minister might say that it is impossible to reestablish that tax or any portion of it, because corporations have now planned their programmes accordingly.

It is hard also to understand why subsidies on the necessities of life such as milk have been discontinued. It would be impossible for dairy producers, of whom there are many in my constituency, not to raise the price of their products because they cannot at the former prices meet production costs. The situation is not as bad here as it is already in the United States. There are tables there as well as here where milk is already becoming scarce.

This brings me to the question of government controls. The matter has been fully discussed and I do not want to dwell upon it, but as some people in my constituency, taken with the zealous habit of sending letters prepared by their party organization, have made the discovery that I had not voted on the controls bill and reproached me for not opposing it, I wish to state that unfortunately I was absent because of illness, but I want also to emphasize that had I been able to be present I would have supported the controls bill, not for party reasons, but because I believe it was a good bill, and I never shirk my responsibilities to please a few people when I am convinced that a measure is good.

What I cannot understand is how people can complain about the rise in prices once controls are removed and yet advocate the removal of all controls. It is true that controls bring many inconveniences in their application and that they may hurt certain interests, but it is recognized that their benefit to the masses of the population are greater than the inconveniences which they may at times impose. They must be, in our economy, of a temporary nature and must be resorted to only in special circumstances; but whenever they have been repealed too soon the masses have deeply felt the counter-shock.

Before summing up, I should like to touch briefly on a few questions concerning income tax. I think consideration should be given in our system of taxation to the most import-

ant question of education. A country like ours needs more and more educated and well-informed citizens. The greatness of a country depends on the value of its citizens, and the service of the citizens to the community is influenced in no small degree by the extent of their knowledge. It is true that, under our present constitutional set-up, education is a provincial responsibility and prerogative, but this does in no way exempt the government of the country from contributing its share to the betterment of education in any way it can, or rather in any way in which the provinces will allow it to do so.

One of the best ways, it seems to me, would be to encourage parents to keep their children in school and college and, if gifted, send them to a university. We have seen by some figures given to us that the average income of wage-earners and of all gainfully occupied people is not so high as to enable all to enjoy a high standard of living, far less to enable many to divert a large part of their earnings to the higher education of their children.

There are two ways we could adopt to help remedy this situation. One would be to extend the age for family allowances in the case of children pursuing their studies past sixteen. That would be just a token of encouragement but it might help a little.

Another way would be to extend the special exemption of income tax to a higher age for children pursuing their studies. This, I know, has been advocated by others, but I have always felt so keenly about the charges that have to be borne by parents who understand the importance of giving their childen the best possible educational equipment with which to go through life that I feel I must join with other voices which have been raised in this matter.

There is another question I should like to mention in regard to the assessment of taxes on the farmers. I will admit that a very small number fall in the category of income tax payers, but in the case of those who do I have noticed an anomaly which may be peculiar to our part of the country but which at all events deserves our attention. Cases have happened of farmers who, when getting more prosperous, have been subject to income tax, and I think the assessment has been made without taking some most important elements into consideration. This has to do mainly with salaries to farmers' sons and other members of the family. Our Quebec farms are operated most of the time as a family concern. The children work on the farm from the moment they can and no salary above their bed and board is paid to them. They contribute to the community and get no wages, but when they reach the age for marrying their father takes out of his accumulated capital, whether it is all in land or partly in cash, the value which he considers equal to his son's share in the prosperity of the family, and he gives him part of the land he has acquired during his life, or he gives him cash to buy a farm. This is a form of what I might call delayed salary. When the income tax assessors try to compute the actual income of that farmer over a number of years they do not accept that system and, in order to arrive at the income, they establish the capital and in it include the son's share as the father's gain. I think decent salaries should be allowed to farmers' sons in such income tax assessments. Whether they are paid monthly, yearly, or in a lump sum after a number of years should not be material. I commend this to the attention of the minister because I know personally of such cases and, this being a practice much followed in rural Quebec, it may be that others will have to suffer if the attitude of the department is not changed in this regard.

Now that I have advocated the reduction of taxes, I would not be following the regular pattern if I did not advocate some expenditures. I notice that it is a general practice on all sides of the house to complain about taxes and the next moment to put in a claim for public expenditures. I shall not impose on the house a list of the public works that would be needed in my constituency, but I should like nevertheless to submit to the government that consideration should be given at an early day to a programme of public works or capital expenditures in the country.

Wharves need to be rebuilt; public buildings are badly needed in many parts of the country; irrigation projects and other improvements are necessary. The time will quickly come, according to many economists, when men will again be looking for employment instead of jobs looking for men. The closing of war industries has been partly compensated for in some parts of the country by the reconversion to peacetime production, but in many parts of the country such readaptation has gone on more slowly and I cannot but feel that it is high time to start elaborate plans for a programme of public works, to be ready when the needs arise.

In conclusion, Mr. Speaker, I may say that the budget now under consideration is a source of satisfaction and relief to a large part of the population. Owing to our actions of the past, it cannot be lightened much more, and we realize that the taxpayers of Canada are paying for what they wanted during the

war and for what they wanted in the way of social security for the period of peace. I think the cut in the sources of revenue is in the right direction, with the qualification I have made with regard to the excess profits tax.

Much has been said of our system of government in relation to others and of the necessity to fight for its preservation. I personally think it is better because it respects the individuals and their liberties, but let us not forget that our aim should not stop at respect for the freedom of the individual but should also include the improvement of his standard of living and his freedom from want. The time has come for the drafting of a far-reaching Liberal programme if we want our system to justify itself.

I believe it is right that the Liberal party in Canada should be the one to put it into effect. I believe that such a programme could easily be worked out under the system of improving the fate of the masses, while at the same time permitting a fair but reasonable return to those who, having worked and gained, are willing to risk their oftentimes hard-earned money in new commercial and industrial ventures.

Let us not get too panicky in our fears of communism. The best way to vindicate our present system is to work hard and plan well for the future. Some people consider our present form of capitalism as a permanent institution and fear the world will regress if it disappears. The same things were said when the French revolution gave a death-blow to monarchial systems throughout the world.

No system of government has yet proven itself perfect. I am quite satisfied that the present one with improvements is best suited for our country, but I am convinced that the world will experience many philosophies of government before it succeeds to give to all its inhabitants a fair and enjoyable life on this planet.

The government of the world has been in constant evolution and up to now it has never gone backwards for a very long period of time; its march has been onward. A proportionately larger number of people live well today than in the previous centuries, and I am confident that this will continue improving with the years and that Canada will rise to its opportunities and make for itself an ever larger place among the nations of the world.

Mr. JOHN BRACKEN (Leader of the Opposition): It is not my expectation to speak at any length tonight. The debate has already continued for a considerable period and practically every aspect of the subjects dealt with has been referred to. Before the debate concludes, however, I wish to make some observations on certain questions that are before the house and the country and then to state the position we propose to take with respect to the main motion and the two amendments made to it.

The motion by the Minister of Finance (Mr. Abbott) is, in effect, a motion of approval of the government's budget. The amendment moved by the hon. member for Muskoka-Ontario (Mr. Macdonnell), and the subamendment moved by the hon. member for Rosetown-Biggar (Mr. Coldwell) are criticisms of that budget. It is these questions that we are now called to vote upon. I may say at the outset that when the subamendment comes up, which will be the first upon which a vote will be taken, we in this party will support these criticisms; and when the main amendment comes to be voted upon, we shall, of course, support it too. We shall support both of these amendments for the reason that the tax reductions are both inadequate and inequitable.

What are the issues upon which we are asked to vote tonight? I want to deal first with the main issues in the budget itself and then with the points raised by the two amendments. The government's tax proposals do two things: first, they perpetuate a tax burden 300 per cent greater than in any peacetime year. That is the main fact which we must not lose sight of in this debate. And they do one other thing. They reduce taxation by only seven per cent for this current year and by only twelve per cent for the year which follows. Those are basic facts in the government's budget position.

With respect to the amendments, they touch upon five points. They express regret that the budget provides no relief from indirect and hidden taxes; that the government offers no encouragement for the development of certain natural resources, such as agriculture and mining; that the government has failed to reconvene the dominion-provincial conference; that it has failed to raise the levels of income tax exemptions; and that it has failed to provide relief for the most needy half of the population of Canada. The question before us is, are these statements facts; are they correct, or are they not? To the extent that they are true the government deserves our censure.

I wish to ask first, is the statement of the government's fiscal position correct, namely, that the tax burden is 300 per cent greater than it was in the highest taxation period prior to the war? And is it correct to say that there has been only a seven per cent reduction in this fiscal year and only a twelve per cent reduction for the next year in the present

budget? The facts are, from the government's own records, that the largest tax per year prior to the war was, in round figures, $550 million in 1939. The proposals in the present budget are in the neighbourhood of $2,200 million, or four times as much, or 300 per cent more than in that 1939 fiscal period.

The government's tax proposals this year, as I read the minister's address, are a reduction of $160 million this year and $265 million next year, which, on the basis of the last year's budget, is a reduction of seven per cent for this year and twelve per cent for next year. We take the position that that degree of taxation is too high, and that those taxation reduction proposals are too little.

I want now to examine the statements of criticism as outlined in the two amendments, taking them in order. (a), (b), (c), (d) and (e). Does the budget provide relief from indirect and hidden taxes? The answer is no. No one in the house will dispute that answer. The reductions are confined almost wholly to the income tax. That part of the dominion's revenues collected from regressive taxes, the hidden and indirect taxes which bear heavily upon the poor, is not reduced in any way. That was the first criticism in the amendment moved by the hon. member for Muskoka-Ontario, a criticism which was expressed in different words in paragraph (e) of the amendment moved by the hon. member for Rosetown-Biggar. As I said, regressive taxes are taxes which bear unduly upon the poor; and these taxes provide practically half of the revenues of the Canadian budget. There has been no reduction in those taxes. The consequence is that the poorest section of the nation receives no relief by this budget, even at a time when the cost of living is going up —it is said to have gone up three per cent in the last four months—and even at a time when the government has taken off subsidies amounting, in the total, to $200 million.

With respect to the second criticism in the main amendment, does this government offer any encouragement to the development of our natural resources, particularly the resources of agriculture and mining? We maintain they do not. The policies of the Minister of Agriculture (Mr. Gardiner) have the whole country baffled. I wonder if the Prime Minister (Mr. Mackenzie King) himself knows what the Minister of Agriculture is up to. The Minister of Agriculture has the government handle all the wheat and sell it at prices that force the farmer into growing coarse grains; then the government seizes the coarse grains and disposes of them in Canada at prices that encourage the production of bacon; then it finds that it cannot fill its bacon contracts with the old country and calls upon the taxpayers of Canada to put up, as some estimate, twenty-five per cent by way of bonus for every hog that Britain buys.

These are basic things in the government's agricultural policy. Our agricultural and mining policies are the two sections of our economy which should, if properly managed, help us with the solution of both our internal and external problems.

You may ask, how is the government failing the farming industry? It practically denies the farmer the dollar market in the United States. It practically shuts us out, and even outside the dollar market it makes the farmers sell at prices lower than those received by their competitors in the British market. It makes our contracts in Canadian dollars and then does nothing to protect the value and integrity of the Canadian dollar. It asks us to sell our products to Britain and other countries on time, at prices lower than other countries are demanding and getting. We are denied the market across the line where we could get higher prices and obtain United States dollars for which our economy is crying out so loudly.

In point of fact, the government's bilateral trade policies are imperilling our own exchange situation on this continent. It is selling huge amounts of our agricultural produce overseas at less than world prices and buying from the United States much more in the way of commodities than we sell to them. In the crop year 1949-50, all that the farmer is certain of is the Canadian dollar, and he has no idea what it will buy. In recent weeks the price of butter has increased ten cents, and 8½ cents of the increase is the withdrawn subsidy. The government gives with one hand and takes away with the other. There is no relief in the budget except for those who are reasonably well off. That is the basic criticism from the humane point of view.

With respect to mining, I will take only a moment to deal with that. It has been discussed fully by others. The government admits its own failure. Its action in revaluing the dollar on July 5 deprived Canadian gold producers of $3.50 for every ounce of gold sold to the United States. The government got panicky about holding the price line and our dollar situation has been going from bad to worse.

If these observations with respect to agriculture and mining are not accepted at their face value, I would refer to but one statement in a government document published

by the bureau of statistics. It is entitled "Canadian Constitutional Data". I will read only a portion of one paragraph. It has to do with the question of developing our own resources and whether we are doing enough in that direction. The statement is as follows:

> Canada is one of the last countries to have her frontiers pushed back, and this process has not yet reached its limit, nor have the natural resources on much of the land been explored, exploited or harnessed.

This is from a government document published only within the last few weeks.

I come now to the third criticism in the main amendment. Has this government failed to reconvene the dominion-provincial conference? One has only to ask that question to answer it. A few months ago the government came forward with a programme in connection with dominion-provincial relations, and among other things it proposed a policy of social security, health insurance and public investment or public works—the purpose of which was partly to help head off depression. The combined policy was variously estimated to cost the different taxing jurisdictions in the country, $400 million or $500 million, or $600 million a year, when completed. This cost added to our present budget makes a total budget approximating ninety per cent of the highest wartime taxation we ever had.

What has happened? The government says, in effect, "We can only proceed with that policy if a large proportion"—it is a little vague about it—"of the provinces agree". Seven have agreed and two have not. The government now says it cannot proceed with that policy without having the assurance presumably of more provinces than have agreed, and yet the government does not call a conference. As a result, those policies which the government says are good, which it says it can only proceed with after some more general agreement, it now lets fall by the wayside because it fails to provide the opportunity for that more general agreement; and so those policies of social security and health insurance and public investment remain up in the air. Nothing is done. That is one of the criticisms in the amendment.

I come now to the first of the two criticisms in the subamendment. Has the government failed to raise the exemption levels in the income tax? Again one has only to ask the question to answer it. It has not. The question now is whether it should or should not have done so. The simple fact is that the government today is taxing people who are receiving less income than will maintain a decent standard of living for many families in this country. If the government considers it is good policy to tax people who are already not getting enough income to pay their way, then the government's policy can be understood; but if it is bad policy to do that, then the government should be censured for its failure in this year's budget to give them relief.

The final criticism in the sub-amendment raises this question. Has the government failed to provide relief for the most needy half of the population? At page 2554 of *Hansard* the Minister of Finance said:

> The exemption levels established last year are high enough to exempt completely from tax more than half the people earning incomes in Canada.

Mr. Speaker, on the statement of the minister half of the Canadian people have received no benefit from this budget—no relief whatever—at a time, as I said a moment ago, when their costs of living are going up and when this government has taken off the subsidies which formerly helped keep the costs of living down. If it is wise to give no relief to the most needy section of the Canadian population, then the policy of this budget is understandable. But if it is unwise to continue to ask the poor to bear an unfair share of the burden of taxation, then, as I said a moment ago, the government should be censured.

So much for the basic facts in the minister's motion and for the five criticisms outlined in the two amendments. I now wish to touch upon three or four other questions which have to do with us here and with our economy as well. The first is the question of foreign exchange control. Our United States dollar situation has been referred to several times in this debate. It was never so serious as it is now. As the hon. member for York South (Mr. Cockeram) pointed out, the report tabled in this house the day before the budget was brought down does not fully reveal the current situation. If the year that this report covers—1946—were divided into three-month periods our deficits and commodity trade with the United States would be shown as $93 million, $120 million, $126 million and $158 million—a steadily worsening situation. When it is stated in that manner, it means much more than when an average of those four figures is taken.

By contrast, we sold to Britain over $597 million worth of goods; and we were able to take from Britain, or Britain was able to supply to us only $201 million worth of goods. Yet Britain has taken up approximately

half of our one and a quarter billion dollar loan. On a per capita basis we are lending Britain more than four times as much as the United States did. We supported that policy, but what use will it be either to Britain or to ourselves if we assume a load which will crush us down? We may thus become more of a hindrance than a help to Britain. Last year we made her turn over to us $150 million worth of gold, three-quarters as much as she sent us in goods. It is clear from the minister's statement that the government has no present solution for the unbalanced United States dollar situation. All it can do is hope and pray that something will happen in the United States, though that something may be a recession which will do us harm.

This so-called dollar situation which, in other words, simply means the trade position, has always been a Canadian problem; as I said, it is particularly acute now. The facts behind it are these. On July 5 last our government became unduly apprehensive about United States prices and decided that they must do something to make it easier for Canadians to buy United States goods. The result is twofold. They have made it relatively too easy to buy from the United States, and relatively too difficult to sell to the United States. We maintain in Canada a price ceiling which they do not maintain in the United States. As long as we have this price ceiling there will be a gap between the amount of money coming to the counter and the amount of things on the counter. That surplus money for which there are not goods to spend it on in Canada drives purchasers to the United States to buy goods there. The remedy is one which has been referred to often in this house and elsewhere; it is increased Canadian production.

We have made bilateral deals which make it difficult for us to obtain United States dollars for our farm products. There are other considerations involved, I know. Nevertheless that is one of our great difficulties. Our present United States trade situation as it developed from July 5 is a perfect example of how controls work. One control makes another control necessary. The government decided to maintain a price ceiling, and therefore had to revalue our dollar so as to lessen the cost of United States imports. Now it finds adverse trade balances running against us more acutely month by month.

With respect to international trade generally, some of our policies are blocking, not promoting, the Geneva programme of multilateral trade and the lessening of restrictions against trade. The government talks multilateral agreements, but certain of its policies cut across those of the whole international trade organization. We were given to understand that this government did not like the empire trade agreements. But now, as the Secretary of State for External Affairs (Mr. St. Laurent) says, the government regards the empire preferences as something quite precious. If the other countries at Geneva know as little about this government's trade policy as the government itself apparently knows, they surely must see through a glass dimly.

I now wish to refer briefly to one of the special commodities in connection with trade, and because it has been discussed so often and so fully in this house I shall be very brief. I refer to the subject of wheat. In my opinion, the British wheat agreement killed the London wheat conference, a conference which was called to try to get an international agreement with respect to wheat prices, wheat quotas and so on—a conference which failed. As I said, in my judgment the Canadian-British wheat agreement killed that conference. Why would Britain agree to a $1.80 price ceiling? She had already established a ceiling of $1.55 in the agreement made with this government a year or two ago. By contrast, her idea of a floor price was somewhere around $1; and that idea of a $1 floor price was also sold to Britain by Canada. Is it any wonder that Britain and some others objected when certain of the nations wanted a higher level than a $1 floor and a higher level than $1.55 as a maximum price? It was difficulties such as those which caused the break-down of that conference which had such great possibilities.

I now wish to add a word about the situation in Europe which, over many decades, has been the chief market for our surplus products. The United States is talking about facing the problem in realistic terms. They talk about getting back to lend-lease, as contrasted with loans. Mr. Acheson, then secretary of state, renewed pleas that congress provide $17 billion in post-war lend-lease. General Marshall has also spoken along similar lines. The United States is thinking in terms of big things, as we expect her to do. That must be done to reestablish Europe and restore a workable peace. But the United States is not tying one hand behind its back as it plans to undertake the job.

What are we doing? If it is good policy to help Great Britain or other parts of Europe by turning over our wheat at $1 less than the world price, it is the United States which should be doing it, and not us. But the reverse is the case. We cannot afford to continue to do it indefinitely. Yet we embargo the sale

of our farm products to the United States. If our farm products or a larger portion of them were sold to that country they would collect United States dollars, now so badly needed here, and they would, in addition, bring a larger measure of equity to our agricultural industry. As a matter of fact, if our farm products were allowed the benefit of world market prices, our United States dollar difficulty would be considerably lessened.

I come now to my final point, namely the menace of communism in Canada. The British and the United States governments are beginning to understand that a policy built on weakness, instability and appeasement, in dealing with Soviet Russia, is as futile, and as ineffective, as the same policy proved to be against the Hitler and Mussolini gangs.

Too many people have forgotten that it was the bolsheviks who set the precedent for the modern totalitarian leaders. Hitler and Mussolini were diligent students of bolshevik tactics, and now that these pretenders have been destroyed, we find, in state after state of Europe, the very shoes they walked in are being filled by agents of the soviet power centred in Moscow.

The nazis, and the bolsheviks are alike in that they are guided by only one political principle in seizing power. That principle is that the end sought justifies any means. They have the one-party system with its special privileged role in public life. They give the secret police a paramount position in the state. They organize and affiliate with similar parties abroad, and employ these parties for their own global and strategic purposes to fight democratic governments everywhere.

They assist their fellow travellers with public funds, and they give them the protection of their own diplomatic services. They direct them to attain their ends by sabotage and espionage. They employ the same technique in imprisoning political opponents and putting them to death by administrative decree; they have the same ideas about concentration camps, and the same primitive instincts that led them to inflict punishment on the families of their political exiles. They have the same methods of propaganda.

We have had in this country a partial exposé of Moscow-directed espionage activities in our own public service. I did not agree with all of the government's methods, but I refrained from public criticism on the theory that the devil must be fought with fire. My only regret now is that the government did not act sooner; that it did not act more effectively, and that it is not now following through.

What is happening on our labour front? That is the part of our economy in which we should have the most concern at the present time. We have all heard of the Pat Sullivan exposures with respect to the Canadian Seamen's Union. I turn to the May 31 issue of *Liberty,* in which a well-known Ottawa correspondent deals with this subject under the startling caption, "Could the Reds Cripple Canadian Industry?" The author says, among other things:

> If the communist party could bring simultaneous pressure in the vital spots where its influence is great, it could cause industrial chaos in wide areas of Canada.

And he says that on the available evidence the communists could now play havoc in the coal mines and fisheries of Canada, in our logging camps, in lake and coastal shipping, in great electrical manufacturing companies, and possibly in the automobile industry as well.

He maintains that in every one of these individual industries there have already been communistic red strikes. He points to the Sydney coal mines, to the maritime fisheries, British Columbia and Ontario logging camps, the Montreal and Toronto fur industry, the Ontario electrical factories, the Windsor automobile plants and Pat Sullivan's Seamen's Union which I have already mentioned.

This is a startling report going out from the capital city of this country, and written by a responsible member of the press gallery. Either these statements are true, or they are not. If they are true, the government should do something to correct the situation. If they are true, as many believe they are, the government should be ashamed of its own indecision in so important a matter.

We know now how these communistic organizations work. Every youth movement, every practical organization to improve the economy and social status of individual workers —all these the communists use, or try to use, for purposes that are not Canadian.

We know how difficult it is for some workers to resist them. We are promised during this session legislation covering a labour relations code. If this parliament cannot provide machinery so that Canadian organized labour can protect itself against communist activities, there is something sadly lacking somewhere. This parliament should see to it that Canadian labour unions, and Canadian cooperatives are not used by Moscow agents to become the stalking horses of the Soviet Union's imperial designs.

We in Canada are now no longer isolated from world affairs. We are now on the main highway over which this issue is likely to be

fought, if it is fought. Let us then address ourselves to the problem of mopping up communistic activities in Canada. There are many governments of many countries today hanging in the balance. They do not know which way to move. If they give the democratic process a chance they fear the great democracies will not back them up. This is one of the great hours for decision in our history and in the world's history. Canada should be prepared to make its decision, and let the whole world know what its decision is.

All dictatorships are alike to us. I believe that the second world war could have been prevented if the nations of the British commonwealth and the United States had let the dictators know in time that if they continued their aggressive ways they would have a fight on their hands.

What is mainly needed now is to let the communists know, in a frank but nevertheless friendly way, that, so far as we are concerned, they are entitled to their own type of economy, as long as they desire it, but that we have no use for their underground activities in this country, and that we propose to send their agents back home wherever we can root them out.

Let me now summarize briefly what I said in the earlier part of my remarks. With respect to the budget, it is dishonest in so far as it claims a real surplus. It has taken money secured from the sale of capital assets and counted it as current revenue, in order to say that it had a balanced budget. The surplus is said to be greater than any in Canadian history, greater than all surpluses put together. It well might be, because no other government in Canada had the assets arising from the expenditure of $10,000 million of the money of the Canadian taxpayers to sell, and then to apply the proceeds to the current revenues of the country.

The budget is also unsound in so far as it continues regressive taxation at its present height, thus levying an undue tax burden upon the poor. And it is misleading in so far as it leaves the impression that all is well in Canada. The government's policies are making us sell on credit at low prices in markets where much of the debt will not be repaid, and denying us the right to sell in a market where we can get higher prices in cash which we must have if we are not to run the risk of bankruptcy.

In regard to the government's motion asking us to approve a budget 300 per cent higher the third year after the war is over than in any previous peacetime budget, and giving us reductions of only seven per cent in the total tax for this year and twelve per cent for next year. On this matter our position is that the taxes in the budget are too high and that the tax reductions are too little.

With respect to the five criticisms in the amendments to which I have referred, the truth is simply and clearly stated in each of them. There has been no reduction in the regressive taxes, in the indirect, hidden taxes. There has been no stimulation of the development of our great primary industries of agriculture and mining upon which our internal and external problems so largely depend for solution. There has been no resumption of the dominion-provincial conference, which the government says it must have before it can carry out its own policies. Yet it neither carries out those policies nor calls a conference. It is afraid to meet the huge costs those policies involve and afraid to admit that it is afraid to face them. It is afraid to say it is going to add now or in the near future four or five or six hundred million dollars to the tax burden of this country. And so it does nothing. The budget does not increase the level of tax exemptions. It thereby imposes a tax upon people receiving incomes less than the amount necessary for a decent standard of living. Nor does it provide any relief for that half of the Canadian people who are below the level of income tax exemptions, and very little relief for large numbers of those above that level. The Minister of Finance spoke about a fifty-four per cent reduction in taxation at some of the lower income levels. But he did not emphasize that this fifty-four per cent reduction might mean only $6 a year in some cases, $10 a year in other cases, and $12 in others. So more than half the people of this country get no relief at a time when their costs are going up and when added costs are put upon them through the action of the government in taking away its own subsidies.

In these circumstances, we in this party feel we have no choice but to support both the amendment and the subamendment to the budget motion.

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, it was just four weeks ago tonight that I had the honour of presenting to the house the government's financial proposals for the coming year. Since that time we have heard many speeches, most of them very good; and as usual in a budget debate they covered a wide variety of topics.

I do not propose to detain the house for more than a moment or two. In listening to those speeches—and I listened attentively to almost all of them—it seemed to me that

hon. gentlemen opposite were hard put to find any effective criticism of the budget proposals themselves. Such criticism as they made I think I shall be able to deal with when we are in the resolution stage, and rather than detain the house in the taking of the vote that is what I propose to do.

I cannot, however, allow the vote to be taken, without expressing my deep appreciation for the many generous personal references to myself which came from all sides of the house. Hon. gentlemen opposite confined their expressions of appreciation to the form rather than to the substance of what I had to say, but I attribute that fact to the natural and inevitable inclination of oppositions to show a singular lack of judgment with respect to proposals made by the government side of the house. Therefore I feel that I can take genuine satisfaction in the remarks they made with respect to myself personally as to the form. But with respect to hon. gentlemen on this side who praised the substance as well, I think they showed better judgment than hon. gentlemen opposite; and from what I have read in the press of the country, editorial comment and otherwise, I think their remarks reflect the judgment of the country as well.

However, I conclude these brief remarks by expressing my genuine appreciation of the very kind references which have been made from all sides of the house as to the manner of presentation, if not the substance.

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

YEAS

Messrs:

Adamson
Archibald
Argue
Barrett
Bentley
Black (Yukon)
Blackmore
Blair
Boucher
Bowerman
Bracken
Bradshaw
Brooks
Burton
Campbell
Caouette
Cardiff
Case
Casselman
Castleden
Charlton
Church
Cockeram
Coldwell
Coyle
Daniel
Diefenbaker
Drope
Fair
Fleming
Fraser
Fulton
Gagnon
Gillis
Graydon
Green
Hackett
Hamel
Hansell
Harkness
Harris (Danforth)
Hatfield
Hazen
Héon
Herridge
Hlynka
Hodgson
Homuth
Irvine
Jackman
Jaenicke
Jaques
Johnston
Knight
Knowles
Kuhl
Low
McCuaig
Macdonnell (Muskoka-Ontario)
McGregor
MacInnis
McKay
McMaster
MacNicol
Marshall
Matthews (Kootenay East)
Menary
Merritt
Moore
Nicholson
Pearkes
Probe
Quelch
Raymond (Beauharnois-Laprairie)
Robinson (Bruce)
Ross (St. Paul's)
Rowe
Shaw
Skey
Smith (Calgary West)
Stephenson
Stewart (Winnipeg North)
Stokes
Thatcher
Timmins
Townley-Smith
Tustin
Webb
White (Hastings-Peterborough)
Wright
Zaplitny—91.

NAYS

Messrs:

Abbott
Ashby
Baker
Beaudoin
Beaudry
Belzile
Benidickson
Bertrand (Laurier)
Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Blanchette
Bonnier
Bourget
Bradette
Breithaupt
Brown
Brunelle
Chevrier
Claxton
Cleaver
Cloutier
Coté (Matapedia-Matane)
Coté (Verdun)
Cournoyer
Croll
Cruickshank
Dechene
Denis
Dion (Lake St. John-Roberval)
Eudes
Farquhar
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gariépy
Gauthier (Nipissing)
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gingues
Gladstone
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Hallé
Hartt
Healy
Howe
Ilsley
Jean
Jutras
King, Mackenzie
Kirk
LaCroix
Lafontaine
Lalonde
Langlois
Lapalme
Lapointe
Laurendeau
Leger
Lesage
Little
McCann
McCulloch (Pictou)
McDonald (Parry Sound)
McGarry
McIlraith
McIvor
Mackenzie
MacKinnon
MacLean
MacNaught
Maloney
Marier
Martin
Matthews (Brandon)
Maybank
Mayhew
Michaud
Mitchell
Mullins
Mutch
Nixon
Parent
Picard
Pinard
Power
Raymond (Wright)
Reid
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
Robinson (Simcoe East)

Ross (Hamilton East)	Tucker
St. Laurent	Viau
Sinclair (Vancouver North)	Warren
Sinnott	Weir
Smith (York North)	Whitman
Stuart (Charlotte)	Winkler
Tremblay	Winters—109.

Mr. BRIDGES: I was paired with the hon. member for Edmonton East (Mr. Ashby). Had I voted, I would have voted against the amendment to the amendment.

Mr. MACDONALD (Brantford City): I was paired with the hon. member for London (Mr. Manross). Had I voted, I would have voted against the amendment to the amendment.

Mr. HARRIS (Grey-Bruce): I was paired. Had I voted, I would have voted against the amendment to the amendment.

Mr. MARQUIS: I was paired with the hon. member for Charlevoix-Saguenay (Mr. Dorion). Had I voted, I would have voted against the amendment to the amendment.

Mr. ISNOR: I was paired with the hon. member for Colchester-Hants (Mr. Stanfield). Had I voted, I would have voted against the amendment to the amendment.

Mr. McCUBBIN: I was paired. Had I voted, I would have voted against the amendment to the amendment.

Mr. McLURE: I was paired with the hon. member for Beauce (Mr. Dionne). Had I voted, I would have voted for the amendment to the amendment.

Mr. LENNARD: I was paired with the hon. member for Westmorland (Mr. Emmerson). Had I voted, I would have voted for the amendment to the amendment.

Mr. WYLIE: I was paired with the hon. member for Shefford (Mr. Boivin). Had I voted, I would have voted for the amendment to the amendment.

Mr. RODNEY ADAMSON (York West): Mr. Speaker, when I spoke previously I made the suggestion that the parity move had been brought about by pressure put upon this government. This was denied by the then minister of finance, the present Minister of Justice (Mr. Ilsley). We must accept his statement as an hon. member of this house, but we cannot accept—

Mr. SPEAKER: Order. I would ask hon. members to moderate their voices. It is impossible to hear what is being said by the hon. member who has the floor.

[Mr. Abbott.]

Mr. ADAMSON: Thank you, Mr. Speaker. We cannot accept all that he said, in that the supposition was absurd. There are certain inescapable facts which I must bring before the house at the present time. The first question into which we must examine is this: Would the United States government have interfered—

Mr. SPEAKER: Order. I would ask hon. members not to speak so loud. To hon. members who are speaking behind the curtain, I would appeal and ask them to carry on their conversations in the lobby.

Mr. ADAMSON: Thank you, Mr. Speaker. We must examine other actions of the government about that time, and it is germane to the subject to look at what the United States government did with regard to the extremely ticklish question of Palestine at the time. The United States government did interfere, and it interfered definitely and considerably, in that a statement was made last year at about the same time to the effect that, on the suggestion and request of the United States government, it was proposed that 100,000 Jews be admitted immediately into Palestine.

At that time the question of Palestine was one of the most ticklish in the entire international sphere. Therefore it is obvious that if the United States government would have interfered in that, they would have interfered in other matters. For the record I wish to quote two paragraphs from Keesing at page 8198:

> In London, where President Truman's message caused much embarrassment and irritation, a government spokesman stated that on receiving the text of the message Mr. Attlee had immediately sent a request to the President to delay the issue of the statement until Mr. Bevin could be consulted and a further telegram sent to Washington explaining the British point of view, but that President Truman had replied that he was unable to comply with Mr. Attlee's request.
>
> "The British government," said the spokesman, "has been working hard to bring the Jews and Arabs together. It is not correct that the discussions have been broken off. Consultations with the Jews are actually in progress at this moment. It is, in the British government's view, most unfortunate that a statement of this kind should have been made. It may well jeopardize the settlement of this difficult problem."

That is significant, because the statement of the President had been given to the British government before it was published. The British government protested that it should not be made, and the United States government went ahead and published the statement. The significant thing there is that the machinery used by Washington was to inform the

British government secretly of what it proposed to do before it did it. I wish to quote one more paragraph from the same authority, at page 8198:

It was felt in London and openly admitted in America that President Truman's message had been prompted by purely internal political considerations in view of the forthcoming elections in New York state, with its important Jewish vote, and to anticipate a statement on the Palestine question by Governor Dewey on behalf of the Republican party.

I bring that up because it is important, for it shows that the United States government were prepared—that is the history of it—to interfere, and they were prepared to and, in fact, did interfere for political purposes, in the internal affairs of other states.

The second question that we must examine is this: Could the United States government have made the suggested proposition concerning parity? It is obviously impossible that the United States government could have made it now with a hostile senate, a Republican controlled house and Republican controlled senate. But at that time the Democratic party was in control of both the senate and the house, and with an election year coming up, it is quite simple to understand that the administration could have put pressure on the members of its own party in both the house and the senate to assist this legislation, on a *quid pro quo* basis.

I wish to mention some of the statements made by Democratic members of the United States senate with regard to the British loan. These were made prior to the beginning of July. The first quotation I wish to use is from a radio speech by Senator Johnson of Colorado, on February 16, 1946:

The British loan is not to provide relief for starving people. It is to provide relief for a decadent empire. My slogan is: Billions for the relief of starving children but not one cent of American taxpayers' money for the relief of empires.

That is a Democratic senator. The next authority I have is Senator Wheeler, who was at that time chairman of the interstate commerce committee, one of the senior committees in the whole United States senate. He had this to say in a radio speech on February 16, 1946:

If we have $4 billion more to give away, let us turn our attention to the United States, where we have some very difficult problems. We have millions of veterans coming back. They are going to make large demands upon the country. We have slums all over the United States where the money could be used profitably for the public good.

That is an important Democratic senator.

Mr. ISNOR: He changed his opinion later.

Mr. ADAMSON: He did not change. Some of them did, but Senator Wheeler did not.

Mr. ISNOR: He did.

Mr. ADAMSON: He did, eventually. I now quote Senator McFarland of Arizona. I have the quotations here, and I shall be pleased to give them to *Hansard,* with the date and page of the *Congressional Record.* Senator McFarland had this to say, at page 4586 of the *Congressional Record*:

What I do want to address myself to is the proposition that our government should not enter into an agreement for a tremendous loan to a foreign power except on a sound business basis, which cannot be done without first having reached some agreement and understanding with that power regarding an existing unpaid obligation. What I am contending for is simply plain common-sense business principles.

Then I quote Senator Richard B. Russell. And I may say that all these are Democratic senators and supporters of the administration. Senator Russell of Georgia had this to say, at page 4591 of the *Congressional Record*:

I referred, Mr. President, to the fact that future generations of Americans would be paying for the more than $40 billion of lend-lease supplied to our allies in this war. The same future generations, yet unborn, will be contributing taxes to defray the $4 billion British loan which is proposed by the pending joint resolution.

I think it is interesting to note that Senator Russell was one of those who changed their opinions and supported the resolution. Then we have Senator Johnston of South Carolina, who says this, at page 4333 of the *Congressional Record*:

I cannot even call this proposal a loan. It is, instead, the most munificent gift in history, and from the most heavily indebted nation in the world to a nation that will continue to be, as she always has been, unappreciative, unreliable, and totally without conscience in dealing with us.

That was a Democratic senator, a supporter of the administration. Then we come to Senator Allen J. Ellender of Louisiana, and his statement has a great deal of charm in it, which I am sure the house will appreciate. It is found at page 4187 of the *Congressional Record*:

So, in order to give the British the dominant position which they occupied in the past as was described by the distinguished senator from Utah, it will be necessary to keep on pouring money into London, just like pouring money into a rat hole, and expecting it to reach the rats. I simply cannot see it otherwise.

Then, of course, we get a statement from Bilbo. I would not mention Bilbo because I do not think it is important, but he opposed

it, and I will just quote a line or two of what he said, as found at page 4160 of the *Congressional Record*:

Shall we grant this gift-loan to Britain? No, no, a thousand times no.

I have other quotations from the house of representatives which I shall not use, but there was a feeling which cannot be considered as anything but one of extreme hostility expressed by the Democratic party, with a Democratic President to a Democratic piece of legislation. These were only the people who spoke, but there were many others who opposed it. When a joint resolution was introduced into the senate, after all these condemnatory statements, the committee on banking and currency submitted the following report, and the date here is important. This is an extract from the *Congressional Record*, July 8, 1946, pages 8401-2, which was the beginning of the debate. Here is the Democratic party committee supporting the British loan, and it does so in these words:

The committee on banking and currency, to whom was referred the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes, having considered the same, report favourably thereon without amendment and recommend that the joint resolution do pass.

On the 4th of July we get condemnation from the Democratic party themselves, entirely outside the Republican party, and bitter denunciation of the bill. On July 8 we get a unanimous resolution from the Democratic committee on banking and currency, recommending that the loan do pass. What caused the change of policy?

Then we come to the next point we must observe. Was it to the advantage of Canada for the United States to pass the loan? We have just had it pointed out tonight that we lent to the United Kingdom four times as much per capita as did the United States. Had the loan not passed, we in Canada and our entire economy would have been in serious jeopardy. We are in difficulty now. We do not see our way clear. We are in great fiscal difficulties with regard to exchange. But had this three and three quarter millions of hard currency not been available, nothing we could have done would have supported the United Kingdom or allowed the United Kingdom to have even a slim chance of recovery. I do not have to say to you, Mr. Speaker, or to the house, that unless we do have recovery in the United Kingdom, this country and, in fact, the world will suffer a serious dislocation not only of trade, but of all peaceful commerce throughout the entire world. I say that with regard to the United Kingdom.

The next question we must ask ourselves is this: Was it to the advantage of the United States to have the Canadian dollar at par? I think the answer must again be yes.

Mr. ILSLEY: Is the hon. member arguing that pressure was brought on Canada by the United States to revalue the dollar, or that the matter was discussed with the United States government? Does he argue that?

Mr. ADAMSON: No, I am glad the minister asked that. I am not disputing the minister's word, at all. He was the responsible minister at the time. A little later on, I propose to bring out a few more reasons. The reason for parity was external pressure brought on this government. The minister has said it was not, and I accept his statement. But I do not accept that suggestion on the assumption that the supposition I stated was, in his words, absurd.

Mr. ILSLEY: I repeat it. It was both absurd and naive. As a matter of fact, I debated some time before I decided which adjective I would use.

Mr. ADAMSON: All right; I am merely making my statement, and I shall leave it to the house to decide.

Let us consider our trade with South America, one part of the world in which we were in competition with the United States. We look at United States exports to Latin America for the year 1946, based on the third quarter of United States trade, and which reached the large sum of $2 billion in exports and $1,777 million in imports. With Canada the United States exports were $1,555 million and the imports were $940 million. Trade with Asia, which was largely on a credit basis, was valued at $1,250 million, with imports valued at $860 million. With England the exports are valued at $740 million and the imports at $150 million.

That trade with South America and the Canadian trade with South America had increased in many instances as much as thirty times over the pre-war figures. That was the point where Canadian trade was definitely in competition with United States trade, and the advantage that the dollar at a discount gave us was obviously of considerable value.

I have mentioned dates. The OPA lapsed on June 30; parity on July 6; the joint resolution was introduced on July 8 and passed on July 13—passed despite all adverse criticism, and with the united endorsation of the democratic committee on banking and commerce.

We are now asked to look at the government's case. First of all, I want to mention

one or two things parity has done to Canada. This very day we see the stringent restrictions on ownership of United States currency, scaled down to $10. The drain on United States currency in Canada must obviously be terrific, or the government would not have taken this emergency step. When I spoke on May 14 I suggested that there were three possibilities. They could reimpose restrictions; they could put up a tariff; they could devaluate. There was no other way, once this step had been taken, of preventing the drain on our currency.

The first step has already been taken; restrictions are being reimposed. The parity move has cost the country untold hundreds of millions of dollars. The first cost was the loss of $160 million in exchange. Equities in the stock market have decreased in the order of $200 million. Risk capital has all but dried up, and the production of vitally needed monetary gold is seriously restricted.

Those are the results. Why was this move made? We are asked by the government to believe that the move was made to protect the Canadian dollar against the inflation they suspected in the United States. If you have a suspected currency and you are worried about its worth, in order to protect your own currency do you tie your currency to the one that is suspected? I think that is most extraordinary. It is the same as the case of a man who, we believe, has smallpox. We are not sure, but we think that is the ailment from which he suffers. What we are going to do is that we are going to handcuff ourselves to him, get into bed with him, eat with his knife and fork and clean our teeth with his tooth brush. Is that the way to isolate ourselves from a contagious disease? Is tying our dollar to the United States dollar likely to isolate our Canadian dollar against the contagion of expected inflation? Could there not be some other reason?

The other reason advocated by the finance department was this, that we were frightened of the impact of panic United States money on the Canadian economy. We were frightened of loose United States funds coming into Canada putting up our price structure. There was one very simple way to overcome that. That was adopted, namely the procedure of putting on export embargoes in respect of certain foodstuffs. It was done at Windsor and at other border points where Americans came over and bought Canadian foodstuffs. There was a serious meat shortage at the time, and they were restricted in the amount of meat and other foodstuffs they could export from Canada. It was a very simple thing which was done.

The second point is that theoretically they were frightened of United States panic dollars, United States currency coming into Canada and pushing up the price structure. That is inflation. But once you had secured your basic foodstuffs and your commodities, which was done, I suggest that a few hundred million dollars—if there were that much money of which the government was frightened—of United States funds coming into this country would be pretty useful to have in Canada at this time.

I suggest, Mr. Speaker, that the reasons given by the government need further explanation. The results are becoming cumulatively more serious. The minister says those were the reasons for putting the dollar at parity. I accept his word; but I do say that the case for parity, as put forward by the government, needs more explanation than has been given thus far.

The house divided on the amendment (Mr. Macdonnell, Muskoka-Ontario) which was negatived on the following division:

YEAS

Messrs:

Adamson
Archibald
Argue
Barrett
Bentley
Black (Yukon)
Blackmore
Blair
Boucher
Bowerman
Bracken
Bradshaw
Brooks
Burton
Campbell
Caouette
Cardiff
Case
Casselman
Castleden
Charlton
Church
Cockeram
Coldwell
Coyle
Daniel
Diefenbaker
Drope
Fair
Fleming
Fraser
Fulton
Gagnon
Gillis
Graydon
Green
Hackett
Hamel
Hansell
Harkness
Harris (Danforth)
Hatfield
Hazen
Héon
Herridge
Hlynka
Hodgson
Homuth
Jackman
Jaenicke
Jaques
Johnston
Knight
Knowles
Kuhl
Low
McCuaig
Macdonnell (Muskoka-Ontario)
McGregor
MacInnis
McKay
McMaster
MacNicol
Marshall
Matthews (Kootenay East)
Menary
Merritt
Moore
Nicholson
Pearkes
Probe
Quelch
Raymond (Beauharnois-Laprairie)
Robinson (Bruce)

Ross (St. Paul's)	Thatcher
Rowe	Timmins
Shaw	Townley-Smith
Skey	Tustin
Smith (Calgary West)	Webb
Stephenson	White (Hastings-Peterborough)
Stewart (Winnipeg North)	Wright
Stokes	Zaplitny—90.

NAYS

Messrs:

Abbott	LaCroix
Arsenault	Lafontaine
Baker	Lalonde
Beaudoin	Langlois
Beaudry	Lapalme
Belzile	Lapointe
Benidickson	Laurendeau
Bertrand (Laurier)	Leger
Bertrand (Prescott)	Lesage
Black (Chateauguay-Huntingdon)	Little
Blanchette	McCann
Bonnier	McCulloch (Pictou)
Bourget	McDonald (Parry Sound)
Bradette	McGarry
Breithaupt	McIlraith
Brown	McIvor
Brunelle	Mackenzie
Chevrier	MacKinnon
Claxton	MacLean
Cleaver	MacNaught
Cloutier	Maloney
Coté (Matapedia-Matane)	Marier
Coté (Verdun)	Martin
Cournoyer	Matthews (Brandon)
Croll	Maybank
Cruickshank	Mayhew
Dechene	Michaud
Denis	Mitchell
Dion (Lake St. John-Roberval)	Mullins
Eudes	Mutch
Farquhar	Nixon
Fontaine	Parent
Fournier (Hull)	Picard
Fournier (Maisonneuve-Rosemont)	Pinard
Gariépy	Power
Gauthier (Nipissing)	Raymond (Wright)
Gauthier (Portneuf)	Reid
Gibson (Comox-Alberni)	Richard (Gloucester)
Gibson (Hamilton West)	Richard (Ottawa East)
Gingues	Rinfret
Gladstone	Robinson (Simcoe East)
Golding	Ross (Hamilton East)
Gour (Russell)	St. Laurent
Gourd (Chapleau)	Sinclair (Vancouver North)
Grant	Sinnott
Hallé	Smith (York North)
Hartt	Stuart (Charlotte)
Healy	Tremblay
Howe	Tucker
Ilsley	Viau
Jean	Warren
Jutras	Weir
King, Mackenzie	Whitman
Kirk	Winkler
	Winters—109.

Mr. HARRIS (Grey-Bruce): I was paired. Had I voted, I would have voted against the amendment.

[Mr. Adamson.]

Mr. BRIDGES: I was paired with the hon. member for Edmonton East (Mr. Ashby). Had I voted, I would have voted against the amendment.

Mr. MACDONALD (Brantford City): I was paired with the hon. member for London (Mr. Manross). Had I voted, I would have voted against the amendment.

Mr. MARQUIS: I was paired with the hon. member for Charlevoix-Saguenay (Mr. Dorion). Had I voted, I would have voted against the amendment.

Mr. McLURE: I was paired with the hon. member for Beauce (Mr. Dionne). Had I voted, I would have voted for the amendment.

Mr. LENNARD: I was paired with the hon. member for Westmorland (Mr. Emmerson). Had I voted, I would have voted for the amendment.

Mr. WYLIE: I was paired with the hon. member for Shefford (Mr. Boivin). Had I voted, I would have voted for the amendment.

Motion (Mr. Abbott) agreed to on division.

WAYS AND MEANS

The house in committee of ways and means, Mr. Macdonald (Brantford City) in the chair.

SPECIAL WAR REVENUE ACT

Resolved, that it is expedient to amend the Special War Revenue Act and to provide:—

1. That the tax in respect of transportation tickets or rights of transportation

(a) be removed in respect of transportation by vessel or aircraft extending outside of the northern part of the western hemisphere, except in respect of any part of such transportation that is between any port or station in Canada or the United States and any other port or station in Canada or the United States; and

(b) be extended to apply in respect of all transportation by vessel wholly within the northern part of the western hemisphere;

and that the second proviso to subsection 1 of section 32, under which section the tax is imposed, be repealed.

Mr. FRASER: Will the minister give us an explanation of this change?

Mr. ABBOTT: The purpose of the proposed amendment to the transportation tax is to bring the competitive position of Canadian companies into line with that of United States companies. Generally speaking, the amendment will exempt foreign travel under tickets purchased in Canada. The chief effect of the change, from the point of view of the Canadian tax, is to exempt transatlantic and transpacific air travel. Previously, air tickets from Canada to the United Kingdom have

been subject to tax. In future, no tax will apply on direct travel from a point in Canada to points in the United Kingdom. The tax will still be payable on tickets purchased in Canada for travel in and over the United States, just as tickets purchased in the United States for travel to points in Canada will be taxable.

Mr. FRASER: This is the only place that I can see where I can bring up the question in regard to the luxury tax.

Mr. ABBOTT: I am afraid it would not be relevant to discuss luxury taxes under this resolution relating to the transportation tax.

Mr. FRASER: This is the Special War Revenue Act, is it not?

Mr. ABBOTT: Yes, but this is a resolution on which will be founded a specific amendment to the war revenue act. The hon. member may have an opportunity to discuss the luxury tax on the second reading of the bill to amend the Special War Revenue Act, but under the rules of the house he cannot do so in connection with this resolution.

The CHAIRMAN: Under standing order 58 (2), all discussions in committee must be strictly relevant to the clause under consideration. At present we are considering clause 1, that the Special War Revenue Act be amended as indicated. It deals wholly with transportation, and I would ask hon. members to confine their remarks to the clause.

Mr. FRASER: Then I take it that it will be all right to bring the matter up on the second reading of the bill to amend the Special War Revenue Act?

Mr. ABBOTT: My hon. friend will be perfectly free to say anything about the luxury tax when I move the second reading of the bill to amend the Special War Revenue Act.

Mr. COCKERAM: Last year, during the budget debate, I brought up the question of taxation on air transportation to remote areas in Canada, and I have taken up the matter with the minister on several occasions. This is a very unfair tax on workmen working in the bush and mining districts, in that they have to pay fifteen per cent on air travel where there are no other means of communication. Take the district of Pickle Crow. The fare is $35 and the tax is approximately $6. For the same distance by rail, the tax would be seventy cents. I think it is very unfair that men working in remote areas should be called upon to pay a tax which, under normal conditions, if railways or bus lines were available, would amount to seventy cents, as against $6. I would ask the minister to consider the removal of this unjust imposition. This tax alone makes it difficult for mines operating in the Yellowknife, where the fare is $200 and there is a $30 tax, to get men into the area so that they can earn their living. It is time the tax was removed.

Mr. ABBOTT: I gave consideration to the point which my hon. friend raised, as he said, and decided that I could not recommend this year the complete exemption of this transportation tax for that type of travel, but I am advised that, under the act as it stands, by a ruling of the Department of National Revenue, unscheduled trips pay only one cent per passenger mile, which is very much less, I am told, than the fifteen per cent tax.

Mr. HOMUTH: What is meant by unscheduled trips?

Mr. ABBOTT: Where there is no regular route with a regular tariff, I am advised.

An hon. MEMBER: And no time table.

Mr. COCKERAM: In those mining districts such as Red Lake, Pickle Crow, Yellowknife and San Antonio these are scheduled trips, and therefore these men going in there to earn their living must pay a fifteen per cent tax on air transportation, which is many times what they would pay on ordinary transportation, and it makes it very hard to get men to work in those areas.

Mr. HOMUTH: I might add to what the hon. member has said. It was my privilege a year ago last winter to go into Red Lake on several occasions. At that time the Ontario government was trying to lay out the road to Red Lake, and it was difficult for them to get people into that district, difficult because once they get in there, it is hard for them to get out again owing to cost of transportation. They had to fly in and out. Now the Ontario government is building a highway in there which will make it a little easier. There is a community that, once they can get houses built, will be a city of fifteen or twenty thousand in a short time. In fact, if they had houses today Red Lake would be a city of 20,000 people. It is difficult to get labour there to develop these mines, which would bring extra revenue to the country and extra income tax. We should develop our gold resources, but people simply cannot afford to go in and out as they would like, and have their families, because there are no accommodations there for them to take their families in. In such cases some special consideration should be given them.

Mr. ABBOTT: The point has been discussed with me and the officials of the department, and a number of hon. members who are familiar with conditions in the mining districts have also brought it up. After very careful consideration, I came to the conclusion that this year I could not exempt that particular class of travel within Canada from the fifteen per cent tax which applies to all air travel, with the exception of unscheduled trips where the special rate applies.

Mr. JACKMAN: The committee is entitled to know the minister's reasons. He has the same opinion as he has held for some time, and I should like to know why, where there is no alternative means of mechanical transportation, this tax must apply. The hardships in these various regions, as has been pointed out, are rigorous, and everything should be done to encourage the development of these outlying territories, which are so rich in natural resources. Will the minister tell the committee his reasons? May I ask, further, where one can find the law that exempts unscheduled flights from the fifteen per cent tax?

Mr. ABBOTT: There are a variety of reasons. For one thing, it is difficult to confine the areas to which it applies.

An hon. MEMBER: Administrative reasons?

Mr. ABBOTT: Yes, and they are important. Moreover, it is difficult to segregate luxury travel. Hunters, trappers, tourists want to go in and see these areas, and so on. On balance, I came to the conclusion that I was not justified in exempting this particular class at this time. The reasons may be good or they may be insufficient, but there were a number of reasons.

Mr. JACKMAN: Where does one find the law that exempts non-scheduled flights from the tax; or is it a departmental ruling?

Mr. ABBOTT: I am not familiar with the details because it is not my own department, but I am advised that the particular reason is this. These are done on charter at a named rate and not in accordance with the recognized tariff, and the department ruled that the rate which would be established by the air transportation company, with one cent per passenger mile added, would be roughly comparable with the tax of fifteen per cent imposed on the regular scheduled tariff.

Mr. JACKMAN: But the minister just said it would not. The minister said that the tax on these unscheduled flights was small and did not compare with the fifteen per cent tax, and now he tells us, on the advice of his assistants, that it is comparable. May I suggest to him that the people who use these non-scheduled flights are more likely to be in the luxury class to which he referred and which we should also encourage, although not at the cost of other less fortunate people. Hunters and fishermen are the ones who will get the non-scheduled planes more than the ordinary miners who go up to these out-of-the-way posts and develop our country. A group of these men do not hire a plane; they use the scheduled service and are subjected to a fifteen per cent tax. In other words, if there is any discrimination here at all, it is discrimination against the worker and in favour of the man who can afford to pay the tax.

Mr. ABBOTT: I am informed that there is one added reason for the differentiation in connection with the unscheduled trips, namely, that in a good many cases the plane will carry a good deal of freight and equipment in addition to passengers. That is taken into account in fixing the one cent rate with respect to passengers.

Mr. HACKETT: Will the minister say whether the tax is paid in full and a rebate given, or whether the tax is paid at the reduced rate when the transportation is arranged for? Is it necessary to arrange for each exceptional case, or is some organization set up which deals with cases of a specified character?

Mr. ABBOTT: I am informed that the tax is collected at the time the payment is made for the flight.

Mr. CASE: I have been handed a pamphlet by someone. It is entitled "Ways and Means Resolutions, Resolutions of April 29, 1947; Income War Tax Act."

Mr. ABBOTT: Over the page. We are on the Special War Revenue Act legislation.

Mr. CASE: I am going to discuss the title of the copy I have in my hand. I want to know if Canada is still at war. I have asked the Minister of National Health and Welfare and others. Apparently we are still at war, and I should like to know with whom. No one has ever told me. I understood there was a proclamation at the beginning of the year stating that Canada was no longer at war. But I have sought to find out and I am told that we are still at war. If we are, I want to know whether we are at war with Russia, with the United States, or with whom?

An hon. MEMBER: With the government.

Mr. CASE: If this is the Income War Tax Act, I want to know with whom we are at war?

Mr. FULTON: It is the Special War Revenue Act.

Mr. CASE: It is the same thing. These people are talking about transportation into remote areas. I should like to get to my home once in a while, and that is not so remotely situated. But I want to know if Canada is still at war and, if we are, with whom we are at war. If we are not still at war, when was it determined that we are not at war? I do not know whether that is a proper question for the Minister of Finance, but no one has ever been able to tell me; and I have sent notes across the house hoping that those who favour me would advise me. We are apparently still at war with someone, but I do not know with whom.

Mr. ABBOTT: I will do my best to set my hon. friend's mind at rest. As he will see when the bill which is to be founded on the resolutions is brought in, we are removing the word "war" from the title and it will be called the Excise Tax Act.

Mr. HOMUTH: In view of the situation which the hon. member for York South and others have placed before the house, I should like to move, seconded by the hon. member for York South:

That the following words be added to paragraph (a) of resolution No. 1: "or areas not served by any other form of transportation than aircraft."

The CHAIRMAN: It occurs to me that this would disturb the balance of ways and means and accordingly would not be in order. I must therefore rule that the amendment would be out of order.

Mr. HOMUTH: Let us carry them all if that is the idea.

Mr. MacNICOL: Are these words complete and significant enough to describe what is meant, "extending outside of the northern part of the western hemisphere"? What does that embrace?

Mr. ABBOTT: Of course my hon. friend appreciates that the language of the resolution is not, as a rule, as specific as the language of the statute which will be founded upon it. I am advised that in the bill which will be introduced there will be definitions which will clarify exactly what that means.

Mr. ADAMSON: I want to say one thing about this Red Lake business. In these remote areas—and Red Lake is remote, being 100 miles away from a railway—you cannot get there in any other way than by air, and the rates are about twenty cents a mile. I think the return there to Kenora is $36. Men going into Red Lake have to pay four times as much per mile for transportation, and there is the hardship owing to this tax, which is $3 one way and $6 return. That is quite a considerable outlay on top of the $36 you have to pay for transportation for the round trip.

Mr. ROWE: Mr. Chairman—

Mr. NICHOLSON: Eleven o'clock.

Mr. ROWE: Just before eleven o'clock, I want to urge, whether the motion is in order or not—and you have ruled it out of order, Mr. Chairman, and we accept that decision—that the minister give some consideration to the suggestion which has been made. After all, the revenue which is collected is very small in this case, and the hardships which have been mentioned are, I think, generally felt by a great many labouring men who cannot afford to pay the extra amount. I want to urge upon the Minister of Finance that he give some consideration to the suggestion.

Mr. ABBOTT: Before moving that the committee rise, may I say that I will give consideration to the matter again before I bring in the bill. As I say, I do not want to hold out very much hope, but I will take into consideration the points which have been brought forward here and discuss the matter again with the officials of the department. I will consider it again before bringing in the bill. I move that the committee rise and report progress, unless you want to report this resolution.

Some hon. MEMBERS: No.

The CHAIRMAN: Does the committee desire to carry clause 1?

Some hon. MEMBERS: No.

Progress reported.

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

Wednesday, May 28, 1947

The house met at three o'clock.

RAILWAY COMMITTEE

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

SUGAR

PRESENT STOCKS IN STORAGE—REPLY TO QUESTION AS TO INCREASE IN RATION

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, a few days ago the hon. member for Lake Centre (Mr. Diefenbaker) asked me a question arising out of a press statement regarding sugar stocks in storage in Canada. According to the report to which he referred, these stocks were large, and he asked me whether in view of that situation consideration was being given to increasing the ration by approximately four pounds per person, to take up the surplus. I told him at the time I thought the situation was not such as to justify an increase in the ration. The information I have found is as follows.

While it is true that there are considerable stocks of sugar in the country at the present time, this is no indication that sugar rationing could be abandoned. In fact the world sugar situation is still quite tight, and the abandoning of sugar rationing is out of the question for some time to come.

The reason for the large stocks of sugar on hand now is that we have been receiving quite heavy deliveries of Cuban sugar against our international allocation. Under this international arrangement the actual shipments to Canada are governed by a number of factors, and we take the sugar when we are able to get it, and store it for future use.

Our allocation will allow an approximate per capita consumption of about 80 pounds this year, which is nine pounds better than last year, but still ten pounds or so below the pre-war per capita consumption.

Mr. J. G. DIEFENBAKER (Lake Centre): What is the amount of sugar in storage in Canada today? According to this statement, the storage facilities are being overtaxed because of the amount on hand. The suggestion has been made that soft drink companies, bakeries and the like be given one month's supply in advance on their quota, as is done in the United States, with a view to removing the congestion in storage.

Mr. ABBOTT: I cannot give a figure as to the amount in storage. I have not asked for that information. However I shall look into the question as to whether storage facilities are being overtaxed. The fact remains that on balance, over the year, our allocation will not give us more than an approximate amount of 80 pounds per capita, as I said before. We take the stocks as and when we can get them.

[The Chairman.]

QUESTIONS

(Questions answered orally are indicated by an asterisk).

INCOME TAX—CHECKING RETURNS OF FARMERS

Mr. MILLER:

1. Are any income tax assessors engaged in travelling around the country checking income tax returns of farmers?
2. If so, how many from each income tax division?
3. Of these, how many from each such division are (a) full time; (b) part time?

Mr. McCANN:

1. Yes.
2. Charlottetown, 2; Saint John, 3; Montreal, 5; Ottawa, 4; Toronto, 3; Hamilton, 9; London, 1; Winnipeg, 25; Regina, 25; Saskatoon, 8; Edmonton, 21; Vancouver, 2.
3. (a) None; (b) Answered by No. 2.

In explanation of the above it is pointed out that all employees of the taxation division are full time employees but the assessors engaged in travelling around the country checking income tax returns of farmers do so only periodically.

RADIO BROADCASTING—"NATION'S BUSINESS"

Mr. FULTON:

What is the actual amount of money expended by the C.B.C. in a full year under the present arrangement for the broadcasts of the "Nation's Business" on the national and French networks, covering such items as pay of staff involved, cost of recording, proportion of charges for line service for that period of time, etc.?

Mr. McCANN: It is impossible to make any calculation of costs chargeable to this programme. No staff are employed exclusively on this programme and no accurate assessment can be made of incidental or part time employment involved.

I would suggest this question might well be asked before the committee on radio broadcasting, where officials of the C.B.C. might be able to give information on more detailed questioning.

UNEMPLOYMENT

Mr. DIEFENBAKER:

1. How many unemployed men as of this date are there in each of the provinces?
2. What was the total amount paid in each province for unemployment insurance during each of the months of March and April, 1947?
3. How many unemployed, eligible for insurance benefits, were registered in the months of January to April inclusive by provinces?

Mr. MITCHELL:

1. Records of persons registered at the national employment service of the labour department show those who are registered as

seeking work and are given as an approach to the answer to the question. The figures are as of May 15, 1947. This is the latest date for which the figures are available.

Province	Unplaced applicants May 16, 1946	May 15, 1947
Prince Edward Island...	2,286	1,303
Nova Scotia	14,037	14,810
New Brunswick	10,998	6,731
Quebec	53,169	32,848
Ontario	48,122	23,282
Manitoba	13,568	8,398
Saskatchewan	5,627	3,976
Alberta	7,246	4,715
British Columbia	22,053	13,200
Total	177,106	109,263

2.	March, 1947	April, 1947
Prince Edward Island	$ 36,524	$ 32,503
Nova Scotia	358,040	354,421
New Brunswick	145,349	136,866
Quebec	1,384,992	1,236,053
Ontario	1,214,944	983,908
Manitoba	307,778	274,215
Saskatchewan	188,559	159,648
Alberta	245,228	176,359
British Columbia	598,461	426,776
Total	$4,479,875	$3,780,749

3. The following figures show the number of persons eligible for benefit who signed the unemployment register on the last six days of each of the months concerned:

	1947	
	January	February
Prince Edward Island ..	782	914
Nova Scotia	7,997	9,023
New Brunswick	3,115	3,990
Quebec	32,952	34,916
Ontario	30,534	30,408
Manitoba	7,551	8,567
Saskatchewan	4,433	4,640
Alberta	4,930	5,775
British Columbia	13,582	14,187
Total	105,876	112,420

	1947	
	March	April
Prince Edward Island ...	903	720
Nova Scotia	10,114	9,460
New Brunswick	4,421	3,599
Quebec	32,642	27,412
Ontario	27,569	21,005
Manitoba	8,297	6,360
Saskatchewan	4,469	3,148
Alberta	6,995	5,303
British Columbia	11,636	9,063
Total	107,046	86,070

IMMIGRATION

Mr. CAOUETTE:

1. How many immigrants have entered Canada since September 1, 1939?

2. How many of each nationality?

Mr. McILRAITH:

1. 155,865.

2. It is impossible to break down by nationality for the exact period requested as nationality tables are compiled yearly rather than monthly. However, the attached statement shows nationalities since April 1, 1939, to March 31, 1947.

Immigration to Canada showing nationalities, from April 1, 1939, to March 31, 1947

Albanian	2
Armenian	1
Austrian	39
Belgian	277
British	113,804
Bulgarian	16
Central American	21
Czechoslovakian	2,243
Danish	155
Danzig	13
Dutch	716
Estonian	17
Finnish	81
French	360
German	1,823
Greek	189
Hungarian	502
Icelandic	8
Italian	261
Japanese	39
Yugoslavian	293
Latvian	23
Lithuanian	131
Luxembourg	11
Mexican	32
Norwegian	351
Polish	3,386
Portuguese	6
Roumanian	230
Russian	65
South American	42
Spanish	36
Swedish	41
Swiss	167
Syrian	9
Turkish	9
Ukrainian	3
U.S. Citizens	40,994
West Indian (Not Br.)	25
Others	7
Total	166,428

CANADIANS IN RUSSIA

Mr. MATTHEWS (Brandon):

1. Has this government a record of Canadians, being British subjects by birth or naturalization, who having gone to Russia before or since the outbreak of war are still in that country?
2. How many are known to this government to have applied to the Soviet authorities for permission to return to Canada?
3. How many requests have been refused or not acceded to, and what are the reasons given?
4. What steps, if any, does this government propose to take in behalf of those Canadians whose requests have not been granted?

Mr. ST. LAURENT: Mr. Speaker, I have been supplied with an answer which contains all the information that is available here and the indication that at some considerable cost and delay further information might be obtained by having an examination made of the files of the Canadian embassy in Moscow. I am tabling the answer, and if after seeing it the hon. member who has asked the question feels that he requires further information and will so indicate we will have those files searched. The answer follows:

1. No. No record is kept of persons leaving Canada to reside in other countries.

2. From time to time there have been instances of persons resident in the Soviet Union who have applied to our embassy in Moscow for confirmation that they are Canadian citizens and for Canadian passports in order that they may obtain exit visas in order to leave that country. It would be possible to ask the Canadian embassy in Moscow to review its files and provide some approximate information concerning the number of persons who have requested the embassy to provide such services since the office was opened in 1943.

3. So far as it is known to the department, no requests have been refused or not acceded to except in the case of persons who are dual nationals of Canada and the Soviet Union and who are therefore subject to the laws of the Soviet Union so long as they are physically present in that country.

4. In view of the dual national status of the persons referred to in the answer to question No. 3, no steps would normally be taken on their behalf unless peculiar circumstances in any particular instance justify such action.

REVENUES COLLECTED ON TELEPHONE SERVICES

Mr. BLACK (Cumberland):

1. What has been collected by the federal government in each province for each of the last three fiscal years as taxes on telephone (a) extension services, and (b) tolls and long distance services?
2. What taxes have been collected in the various provinces (a) from private telephone companies; (b) from public authorities providing telephone service?

Mr. McCANN:

1. Excise Division

(A) Extensions

Provinces	1944-45	1945-46	1946-47
Nova Scotia	$ 7,110 31	$ 7,832 82	$ 8,669 17
Prince Edward Island	....	....	....
New Brunswick	3,873 17	3,907 57	4,476 81
Quebec	108,919 73	106,092 76	118,160 22
Ontario	2,748 28	2,840 37	2,703 78
Manitoba	....	....	....
Saskatchewan	2,496 25	3,111 75	3,900 30
Alberta	3,445 00	3,031 75	3,244 25
British Columbia	12,126 05	11,811 75	11,678 67
Yukon Territory	....	....	....
Totals	$ 140,718 79	$ 138,628 77	$ 152,833 20

(B) Tolls and Long Distance

Provinces	1944-45	1945-46	1946-47
Nova Scotia	$ 203,374 12	$ 222,116 44	$ 234,090 09
Prince Edward Island	....	....	....
New Brunswick	129,991 70	150,549 37	173,402 78
Quebec	2,607,017 22	3,055,754 44	3,451,707 60
Ontario	172,681 28	214,684 64	260,518 31
Manitoba	180,211 53	210,774 91	240,904 09
Saskatchewan	210,428 34	240,959 03	279,575 62
Alberta	244,345 14	274,058 84	320,284 12
British Columbia	282,833 47	339,252 85	407,961 29
Yukon Territory	47 10	56 96	70 35
Totals	$4,030,929 90	$4,708,207 48	$5,368,514 25

2. No information available.

[Mr. McIlraith.]

PUBLIC SERVICE—WAR DUTIES SUPPLEMENTS

Mr. LOCKHART:

1. What are the names of temporary or permanent civil servants who did not receive war duties supplements in (a) Department of Mines and Resources; (b) Department of Transport; (c) National Film Board?

2. Who recommended payment of war duties supplements?

3. What is the reason why war duties supplements were not paid to all employees in these departments?

Mr. CHEVRIER: With reference to this question, I made a statement on Monday and indicated that so far as the Department of Transport was concerned it would be very difficult to answer it. I gave the reasons therefor, and I asked whether the hon. gentleman would not allow the question to be dropped. The hon. member for Peel (Mr. Graydon), who was leading the opposition at the time, suggested that the question be allowed to stand. In view of the statement I have made perhaps the question could now be dropped and the hon. member can reinstate it if he wishes after he has seen my statement.

Question dropped.

ELIGIBILITY FOR CANADIAN CITIZENSHIP

Mr. STEPHENSON:

1. How many people in Canada are eligible to take out citizenship papers?

2. How many have taken out citizenship papers to date?

3. How many citizenship papers were issued at the price of $5?

4. How many at the price of $1?

Mr. GIBSON (Hamilton West):

1. Part I of the Canadian Citizenship Act defines natural-born Canadian citizens. Part II of the act deals with Canadian citizens other than natural-born and also provides for acquisition of Canadian citizenship by those qualified to apply. No statistics as to numbers who may be eligible to apply.

2. 5,370.

3. 3,016 aliens under section 10 (a) of the act.

4. 2,354 certificates in proof, under section 10 (b) and section 39 of the act.

(The answer to 4 includes certificates issued free of charge, under P.C. 502 of the 11th February, 1947, to veterans who served with the armed forces of Canada during time of war and regarding which no separate record has been kept.)

In addition to the 5,370 certificates of Canadian citizenship issued to date, there are about 6,700 pending. Among these, are about 4,050 which are declarations of intention by aliens which will not reach completion until 1948. The remainder are, in the main, applications for proof of citizenship by Canadian citizens in process of completion.

BABIES LEAVING CANADA FOR ADOPTION IN THE UNITED STATES

Mrs. STRUM:

What has been the procedure whereby Canada has granted passports to babies leaving Canada for purposes of adoption in the United States?

Mr. ST. LAURENT: When a child's name is not included in the passport of its parent, an individual passport is issued to the child upon receipt of a properly executed application form "B" (for children under sixteen years of age) signed by the parent or legal guardian of the child. Proof of guardianship under provincial law is normally required. In exceptional circumstances, where such proof is not available, an application signed by a person who appears to be the legal guardian, or to have the child in lawful custody, is accepted. In all doubtful cases, the passport officer, before issuing the passport, seeks the advice of the appropriate provincial welfare authority. Passports are documents of identity which facilitate border crossings; they are not issued "for purposes of adoption".

SOCKEYE SALMON—FRASER RIVER RUN

Mr. REID:

1. Were tests made as to quality of Sockeye salmon entering the Fraser river during the 1946 salmon fishing season?

2. If so, when will the result of the tests be made available?

3. Will the report of the results be made available to members of parliament?

Mr. BRIDGES:

1. Yes.

2. It is expected they will be available not later than July 30, 1947.

3. Yes.

CANADIAN FORCES—LIFE INSURANCE

Mr. CAOUETTE:

1. During world war II, did the men killed in action have any life insurance?

2. Do their parents receive any pension?

3. If so, what are the qualifications for eligibility thereto?

Mr. TUCKER:

1. There was no dominion government insurance plan for members of the forces. Injury or disease resulting in disability or death was provided for by the Pension Act.

2. Yes, if eligible within the provisions of the Pension Act.

3. (a) The Pension Act, section 33 (1)—

A parent shall be entitled to a pension when in a dependent condition and, at the time of death of the member of the forces, wholly or to a substantial extent, maintained by him.

(b) The Pension Act, section 33 (3)—

A parent, who was not wholly or to a substantial extent maintained by a member of the forces at the time of his death and subsequently falls into a dependent condition, may be awarded a pension provided he or she is incapacitated by mental or physical infirmity from earning a livelihood and that in the opinion of the Canadian pension commission such member would wholly or to a substantial extent have maintained such parent.

(c) The Pension Act, section 33 (4) provides for an additional award when there is more than one parent.

QUESTIONS PASSED AS ORDERS FOR RETURNS

EXIT PERMITS TO UNITED STATES—BABIES FOR PURPOSES OF ADOPTION

Mrs. STRUM:

How many exit permits to the United States of America have been issued, each year since 1939, by provinces, for babies for the purposes of adoption (a) babies under six months; (b) babies six months to one year of age?

Mr. GIBSON (Hamilton West): Return tabled.

INSPECTION BOARD OF CANADA

Mr. LENNARD:

1. How many people were in the employ of the inspection board of Canada on May 1, 1947, and what are their salaries?

2. Who is the chairman of the board; who are the directors of the different departments of this board and what are their salaries?

3. What are the duties at the present time?

4. Have any new appointments been made to the board since March 31, 1947?

5. If so, have these appointees seen overseas service?

6. What is the location of the present personnel, by provinces?

QUEBEC PROVINCE CUSTOMS OFFICES

Mr. ROBINSON (Bruce):

What was the volume of business in each year for each of the following customs offices since they were last opened: Cartierville, L'Epiphanie, Chandler, St. Pamphile?

Mr. McCANN: Return tabled.

[Mr. Tucker.]

INK USED BY GOVERNMENT OFFICES

Mr. FERGUSON:

1. Who at present supplies the ink for the Canadian government?

2. Is the ink supplied by contract? If so, what is the amount of the tender; otherwise how is it paid for?

3. Are there any sub-contractors? If so, what are their names and addresses?

4. What amount do they supply and how much have they received in payment for same during the past year?

Mr. GIBSON (Hamilton West): Return tabled.

EXCESS PROFITS TAX—ACCELERATED DISBURSEMENT

Mr. McMASTER:

1. According to return made by sessional paper 239-A the sum of $444,949,665.18 of accelerated disbursement has been allowed to taxpayers in Canada. Would the minister give the amount included in the said sum in the different years?

2. What loss in the revenues of Canada, either by way of loss on excess profits or otherwise, was caused by allowance of the said depreciation?

3. What was the number of corporations or individuals to whom in the aggregate this accelerated depreciation was allowed?

4. What was the amount of the ten largest allowances given?

DIVERSION OF WATER FROM ALBANY RIVER—DAMAGE TO PROPERTY ON LAKE ST. LOUIS

Mr. LACOMBE:

1. Has the water of the Albany river which previously flowed into James bay been diverted by the government or any of its departments?

2. If so (a) has such action caused the water of the Albany river to flow into Lake Superior; (b) at what time and in what year did such diversion take place?

3. If not, is the dominion government aware of such work being done by the government of the province of Ontario?

4. If so, in what year did the Ontario government proceed with this work?

5. Is the dominion government aware of damage to estates bordering on Lake St. Louis, since 1940?

6. Have the riparian owners on Lake St. Louis complained of the succession of floods caused by the flood waters of this lake?

7. Has the government been informed of the Marquette drive being considerably damaged this year?

8. If so, what steps are being taken by the government to correct the situation?

UNITED NATIONS

APPOINTMENT OF MR. JUSTICE RAND TO PALESTINE COMMITTEE

On the orders of the day:

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, I would like to ask a question of the Prime Minister. Why has the government named Mr. Justice Rand, of the

Supreme Court of Canada, to act on a committee appointed to investigate and report on the Palestine crisis, thus precipitating a judge of Canada's highest court into a political controversy in which Canadian opinion is sharply divided?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I would point out to my hon. friend in the first place that his question is irregular. It is put not so much for the purpose of obtaining information as for expressing views of his own, which are of very doubtful value.

May I say to my hon. friend, in answer to the first part of his question as to why Mr. Justice Rand was appointed to this very important post, that it was because we thought he was the best possible choice that could be made, and that the choice would be widely approved by the Canadian people, as it has been.

NATIONAL CANCER INSTITUTE

INQUIRY AS TO PROGRESS IN ORGANIZATION AND RESEARCH

On the orders of the day:

Mr. HAROLD W. TIMMINS (Parkdale): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare pursuant to the press report in an Ottawa newspaper of May 13, announcing the formation of the National Cancer Institute of Canada. Will the minister inform the house whether the cancer institute is now organized, and what progress is being made, especially in regard to research?

Hon. PAUL MARTIN (Minister of National Health and Welfare): Mr. Speaker, the hon. gentleman did give me notice of his question this morning, for which I thank him. As he and other hon. members know, my predecessor, who is now the Minister of National Defence (Mr. Claxton), intimated in this house a year ago that in view of the fact that 80,000 Canadians had died from cancer during the war, and in view of the alarming state of that dreadful disease in this country as in others, he proposed taking steps to see whether some measure of coordination on the national level could not be given to deal with this tremendous problem.

I should like to take advantage of this occasion to pay a tribute to what my predecessor did in laying the groundwork for a conference which as Minister of National Health and Welfare I called on January 27-28 of this year, a conference to which were invited all the cancer control workers and cancer authorities in Canada to see whether some means could not be devised to provide for some coordinating authority with respect to this matter. As a result of that conference the Cancer Institute of Canada was set up. It is a non-governmental, non-profit-making body. Its purpose is to deal with this problem on a national scale, not only clinically but particularly in the field of research. I do not think at this stage there is anything further I can add except to express what I know will be the hope of this house that this institute will succeed in its great endeavours.

I should add this further word. As Minister of National Health and Welfare, at the instance of the interim committee of the institute, and as one of the trustees of the King George V cancer fund, I addressed on behalf of the institute an appeal to the trustees of the King George V cancer fund for financial assistance to enable the cancer institute to carry on for the time being. As a result of a motion made by the Prime Minister (Mr. Mackenzie King), seconded by the Leader of the Opposition (Mr. Bracken), the trustees of the fund have placed at the disposal of the institute on a three-year basis the sum of $450,000 to enable the institute to carry on in the initial stages of what I trust will be a very important and fundamental work.

LABOUR CONDITIONS

STRIKE AT OTTAWA CAR AND AIRCRAFT

On the orders of the day:

Mr. ALISTAIR STEWART (Winnipeg North): Mr. Speaker, I wish to direct a question to the Minister of Labour. In view of recent serious developments in the dispute at the plant of Ottawa Car and Aircraft, such as the court injunction against picketing, interference of the police, and consequent disorder, will the Minister of Labour undertake to intervene again and seek the cooperation of the Ontario minister of labour to bring the employer and union together to secure a just settlement of the dispute?

Hon. HUMPHREY MITCHELL (Minister of Labour): The dispute referred to does not come under the jurisdiction of the federal Department of Labour.

FUEL

STATEMENT ON COAL AND OIL SITUATION

On the orders of the day:

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I desire to make

a short statement on the fuel situation. Hon. members will recall a recent statement of mine with regard to the fuel oil situation. It has now been brought to my attention that, throughout Canada, domestic coal consumers generally appear to be delaying making provision for their next winter's supply of coal. Several coal dealers have stated that coal stocks are piling up, and it will be impossible to handle the total tonnage requirements unless there is a constant and active movement of coal into domestic coal bins.

While the immediate situation would appear to be somewhat better in respect to United States coal than it was at this time last year, the situation in eastern and western Canada is somewhat worse. The eastern mines are about to reopen after a prolonged strike, and it is unlikely that any important amount of the coal lost during the shut-down can be recovered. In western Canada the mines are operating on a shorter work week and are already finding some difficulty in moving coal into the hands of distributors.

Last winter a combination of circumstances, particularly the bad weather, brought about a serious car shortage. This badly hampered the movement of fuel during the winter months. It is hoped that this condition will not recur, but in any event I would exhort all users of coal to exert every effort to get their supplies in during the open season.

As hon. members know, coal control was discontinued on December 31, 1946. It had been the practice during the existence of the control for the coal controller to attempt to persuade consumers to buy their coal early, and to this end he used advertising and other means. I believe this job can best be done by the coal producers and distributors now, and that the public, in its own interest, should cooperate fully to ensure that adequate supplies shall be available for next winter.

Just a word about fuel oil. I held a meeting of the principal refineries in my office this morning. I found the situation worse than I had expected. Not only will the refineries not be able to take care of new customers for fuel oil, either industrial or domestic, but it is doubtful whether they will be able to take care of the customers whom they have served in the past. The shortage is continent-wide, in fact almost world wide. The difficulty is lack of transportation, lack of refining capacity and lack of oil easily accessible to markets. Therefore I should like to warn hon. members, and through them the people of this country that plans for conversion from coal to oil should be carried out only after an assurance has been received from a reliable source that a supply of fuel oil can be furnished.

[Mr. Howe.]

Mr. MacINNIS: May I ask the minister whether the installation of oil burners is still continuing, and whether there is any way in which the government can limit the number of oil burners being installed?

Mr. HOWE: About a month ago I gave the house a warning of the situation and urged that no oil burners be installed unless a previous arrangement had been made with a reliable distributor for the supply of fuel oil. I am today reiterating that warning. I know that oil burners are still being manufactured, and I am afraid that some of them are being sold. All that the government can be expected to do is give the widest possible publicity to the true situation.

Mr. CASTLEDEN: I should like to ask a supplementary question in regard to wartime housing. Are arrangements being made for the installation of oil burners in Wartime Housing houses?

Mr. HOWE: I shall examine the situation. To the best of my knowledge oil heaters are not being installed in Wartime Housing houses. I think that in areas where natural gas is available, that type of heating is being used; in other localities coal is being used. However, I shall confirm my impression and correct it if necessary.

Mr. MACDONNELL (Muskoka-Ontario): May I ask the minister a supplementary question? Is it fair to ask him whether the indications are that with regard to oil this will be a temporary or an indefinitely prolonged situation?

Mr. HOWE: The situation I have described will definitely carry through the burning season of 1947-48; it will perhaps be as difficult during 1948-49. By that time new refining capacity now being planned can probably be brought into production and new drilling can be completed; so the industry hopes that by 1949 and 1950 the situation can be brought into equilibrium, but I should say not before.

Mr. FRASER: I should like to ask the minister a question in regard to people buying coal and filling their bins at the present time. Has he considered asking the service clubs across Canada to help him in this situation? I believe that they could do a good piece of work in that regard.

Mr. CRUICKSHANK: I should like to ask a question—

Mr. FRASER: This is no joke. To the people of my district it is serious.

Mr. HOWE: I ask them to do so now. My hon. friend will recall that having returned the distribution of coal to private enterprise, the government has no direct responsibility in the matter.

Mr. IRVINE: Oh, oh.

Mr. HOWE: I think we should reasonably ask for everybody's help in this very important work. It means much to the welfare of our citizens.

Mr. FRASER: Now that the minister has asked them I believe that they will do a good job.

Some hon. MEMBERS: Oh, oh.

Mr. FRASER: Some hon. members evidently do not want the people to have coal.

Mr. CRUICKSHANK: Is there a special tax on natural gas coming from Peterborough?

Mr. FRASER: In regard to the last question, Mr. Speaker, I wish to say that we have not yet had it piped in from Fraser Valley.

WAYS AND MEANS

The house in committee of ways and means, Mr. Macdonald (Brantford City) in the chair.

SPECIAL WAR REVENUE ACT

Resolved, that it is expedient to amend the Special War Revenue Act and to provide:

1. That the tax in respect of transportation tickets or rights of transportation

(a) be removed in respect of transportation by vessel or aircraft extending outside the northern part of the western hemisphere, except in respect of any part of such trantsportation that is between any port or station in Canada or the United States and any other port or station in Canada or the United States; and

(b) be extended to apply in respect of all transportation by vessel wholly within the northern part of the western hemisphere;

and that the second proviso to subsection 1 of section 32, under which section the tax is imposed, be repealed.

Mr. BENIDICKSON: We were discussing, when the house rose last night, this resolution, the effect of which would be to relieve from transportation tax purchasers of aeroplane or ocean transport going overseas from a point in Canada. Representing as I do the population of Red Lake, which is probably the largest pocket of population in the country dependent solely upon air transportation, I want to add my voice to those that were heard last night urging the Minister of Finance to eliminate the transport tax with respect to those areas where only air transportation exists. I do not think hon. members fully appreciate the great hardship that prevails in those areas because of transportation costs where transportation is a basic necessity to the people. To go from the main line of the Canadian Pacific Railway to Red Lake one has to travel a distance of less than 100 miles, yet the single fare is $20, on which there would be a 15 per cent tax amounting to $3, which on the return fare of $36 amounts to $5.40. The fare cost is about four times that existing on the T.C.A. lines and about seven times the rate that those of us are accustomed to pay who ordinarily use rail transportation. You can see therefore what an imposition it is on the people there to have this 15 per cent added.

The minister said that he would consider these representations. They have been made to him for some time. The various mines in my district and in other parts of the country have been making representations to him, and I myself have spoken to him, to the minister of mines, the minister of transport and the minister of reconstruction on the subject. I do not want the Minister of Finance to think that this would be a difficult administrative problem.

The minister said that a change had been made with respect to non-scheduled air services, a change reducing the tax from 15 per cent to a tax of one cent per mile for non-scheduled air transportation, passengers only. I think that as the scheduled routes to the major mining areas are so well defined and well known, there would be no administrative difficulty in relieving them from this tax. All that would be necessary would be to provide in the bill that the department should have discretion and be able to make certain specific routes free from transport tax if it could be shown that the population depended entirely on air transportation.

I am sure the same situation that exists in my district exists in other parts of the country, particularly northern Quebec and the rapidly developing Yellowknife territory. Because the ticket costs are about seven times the rail cost, it means that anyone in those areas is paying the crown a tax seven times per mile what others pay in other parts of the country when using other means of mechanical transport.

It is not known to all members of the house that those of us who represent districts of this kind have a personal handicap that other members do not have, and that is that we are not provided with transportation passes to meet our electors in areas that can be reached only by air transportation. I hope that at some other stage there will be an opportunity for the house to give consideration to those of us who not only pay this tax but

must, to do our duty by our electors visit these various parts of our large ridings at our own expense.

Mr. COCKERAM: Following the remarks of the hon. member for Kenora-Rainy River, I should like to table the different fares and the taxes from Edmonton to Whitehorse, Edmonton to Yellowknife, Winnipeg to Red Lake, Sioux Lookout to Pickle Lake, Winnipeg to Favourable Lake, and Whitehorse to Mayo, if there were rail transportation into the area. I have the various figures worked out between the points I have mentioned, and rather than burden the committee with them I would ask unanimous consent to place them on *Hansard*.

The CHAIRMAN: Has the hon. member unanimous consent?

Some hon. MEMBERS: Agreed.

Mr. COCKERAM: The table follows:

District	Single Air Fare	Mileage	Approx. Rail Fare Based on 3c. a mile (1st)	Tax on Air Tickets	Tax on Rail Tickets
Edmonton to Whitehorse	$75.00	990	$29.70	$10.25	$4.45
Edmonton to Yellowknife	80.00	710	21.30	12.00	3.20
Winnipeg to Red Lake	22.50	175	5.25	3.37	.80
Sioux Lookout to Pickle Lake	20.00	125	3.75	3.00	.52
Winnipeg to Favourable Lake	45.00	325	9.75	6.75	1.47
Whitehorse to Mayo	60.00	190	5.70	9.00	.85

Mr. ABBOTT: After listening to the representations made by various members I said I would give further consideration to the practicability of granting a specal exemption from this tax to areas whose only effective means of transportation was by air. I have given the matter further consideration. I will not make a positive commitment at the moment. What I said last night was that before the bill was brought in I would see what could be done. I have asked the officials to work out a clause which will give this exemption but would not be subject to certain obvious abuses, which I think hon. members will appreciate. It is not free from difficulty, but I believe such a clause can be worked out, and on the assumption that it can be, it will be included in the bill. It may be necessary to come back with a supplementary resolution, but I make that statement now.

Mr. SKEY: As well as those mining areas that are served by companies, there are many individual prospectors in Canada who must charter aircraft. These men are not working for large corporations that own their own aircraft; they are independent prospectors who must charter a machine to go into the north country. I feel they should be considered at the same time. They would be going into the same kind of remote areas. I suggest that perhaps transportation taxes of this type could be credited to the individual or corporation in respect of their income tax in the same manner as charitable benefits are deducted.

Mr. MACDONNELL (Muskoka-Ontario): Lest the minister find that the difficulties in working out the clause he has suggested are greater than he anticipates, may I make a suggestion? This is a very unusual case. It is a case that has to do with the development of the north country, which can mean so much to us. I imagine the amount of the tax involved is very small, and this might be an instance of throwing a sprat to catch a whale.

Mr. ABBOTT: That is the only ground on which we can be justified in singling out this case for exemption. The circumstances are unusual. The areas are remote and there is no other effective means of transportation, and presumably, as various members have pointed out, the cost is very much higher. That is the only basis on which it can be justified.

Mr. REID: Will the minister make a statement with regard to another aspect of the situation, and that is taking off the tax on travel abroad. I understand there is quite a conflict going on behind the scenes between the T.C.A. and the revenue department in regard to the transportation that was booked by many Canadians prior to the tax coming off. Many of them feel that they have a grievance against the imposition of the tax up until the first of May. Let me give one example, which illustrates many more cases. A man books passage to Great Britain in January of this year. He happens to be in the head office the day before the tax comes off and is told by T.C.A. that the tax must be collected. That night the tax is off. He feels he is out $243. He is not travelling to the old country until some time towards the middle of June. He sent information today showing that in the United States this very question has arisen and the United States revenue department has issued instructions

that all refunds have to be made to those who have booked passages on transportation outside the country but who did not have to pay for the ticket until after the tax was removed.

Mr. ABBOTT: If they have not paid, there is no question involved here.

Mr. REID: But Trans-Canada Air Lines has taken the stand that according to the act they must take the tax from the people.

Mr. ABBOTT: Not if they have not paid for their ticket.

Mr. REID: I know of a case which is just now being debated, where the demand was made that the fare be paid although the people are not leaving this country until the middle of June.

Mr. ABBOTT: That is correct.

Mr. REID: They are called upon to pay the tax. The matter should be looked into and some agreement reached between the revenue department and Trans-Canada Air Lines. I realize that there must be a deadline. All those going in to book passages after May 1 know that the tax is off, but those who inadvertently or otherwise booked passage in January, February, March or April and are not leaving the country until June or July should surely not be called upon to pay a tax as heavy as the one they have to pay. I am asking the Minister of National Revenue and the Minister of Finance to look into many of these cases, and I think they will realize the injustice which many are suffering at the present time.

Mr. ABBOTT: We have had a number of representations along the line that my hon. friend has indicated. Of course, that is a problem arising every time a tax is taken off. The man who has an inventory on which the tax has been paid does not get a refund. Neither does the man who has bought some service on which the tax is paid. In this case, if he has bought his transportation and taken it up, the tax has been paid, and we take the view that there is no refund available. If he has simply reserved his passage and has not paid for it, of course he gets his ticket afterwards. However, I will take note of my hon. friend's remarks.

Mr. CHURCH: I should like to ask this question: Has the government of Canada no policy with regard to bonuses, subventions and subsidies for air borne traffic for these outlying districts here set out in order to develop the great natural resources up in that country? The country was undeveloped, until those were adopted for railway and canals; and now it is aircraft. For that great hinterland up north have the government no policy now, after the war, to develop air transportation? Are they leaving it for private industry to go up there and not only find the resources and develop them, but provide transportation by air unaided by subventions? There was a bonus system of subsidies and subventions for light and power and transportation, both federally and provincially. With the rich resources up in that great country where we spent so much money during the war, surely the government of Canada must have some national policy for its development and not leave it to private people. I would ask the minister to consider that matter in the recess, if this legislation cannot be amended without a ways and means measure. Now that the war has been over for two years, I think the government should have some policy in the matter.

Mr. ABBOTT: This is not exactly in my department. As the commiteee knows, we have appropriated substantial sums of money for building mining roads into various parts of the Northwest Territories, including Yellowknife. But in so far as it lies within the provinces, that is naturally the primary responsibility of the provinces.

The CHAIRMAN: May I remind hon. members that in committee we should direct our remarks to the clause under consideration. It does seem to me that the last question is not particularly in order.

Mr. GIBSON (Comox-Alberni): I should like to add my word to what the hon. member for New Westminster has said with regard to the collection of tax on aircraft transportation overseas when the passage was not taken until after the tax was removed. I know the minister has just said that if the man did not make a deposit on his ticket he would not be subject to the tax.

Mr. ABBOTT: If he had not bought his ticket.

Mr. GIBSON (Comox-Alberni): But Trans-Canada Air Lines demanded that deposits be made by these people. It was a question of duress. If you wanted to get your ticket, you paid your deposit.

Mr. FRASER: It was the law at that time.

Mr. GIBSON (Comox-Alberni): I think the government is morally obligated to see that these refunds are made. I think the

tax under these conditions is on absolutely indefensible ground morally, although I am not going to try to argue with the Minister of Finance on legal grounds because I concede that he is my superior there.

Mr. MacNICOL: I have a question to ask, and I will first read the clause:

That the tax in respect of transportation tickets or rights of transportation

(a) be removed in respect of transportation by vessel or aircraft extending outside of the northern part of the western hemisphere,—

It is the next part that I want to ask about.

—except in respect of any part of such transportation that is between any port or station in Canada . . .

I have been trying for some time to arrange an aeroplane trip up to Hudson bay, first stopping at the Belcher islands, then going back to the east coast of the bay to Clark islands in order to make a survey of the iron resources in that bay. There is no regular aeroplane route into that country. I shall have to engage a private plane or some private company to take me up and back. Shall I have to pay the tax on that trip?

Mr. ABBOTT: That will be covered, if it is covered, by the further amendment that I may introduce. It has nothing to do, of course, with the resolution as it now stands, which relates simply to transatlantic and transpacific travel. I have undertaken to see if an appropriate amendment can be introduced to permit the exemption of tax on aeroplane travel into these remote areas, particularly mining areas, where there is no other readily-available means of transportation. As to what the exact terms of that amendment will be, I cannot yet say. However, I have given the undertaking that if it can be worked out I will introduce it. I cannot tell my hon. friend now whether it will cover the exact case which he has outlined. I would hope it might.

Mr. GIBSON (Comox-Alberni): Will the minister also reconsider the transportation tax collection?

Mr. ABBOTT: It is purely an administrative matter. The tax is repealed as and from May 1, 1947. It is the usual rule when a tax is removed as from a certain date, that there is no refund to one who has already paid it. We do not make refunds on inventories. We do not as a rule make refunds on taxes. It is similar to the case where a man buys something at a higher price, and the price changes the next day; he has bought a little too soon. That is the general rule in the making of budget changes. It is only in the most exceptional circumstances that you depart from it, and for fairly obvious reasons. We will consider the matter further, although I would not want to hold out too much hope.

Mr. MACDONNELL (Muskoka-Ontario): I should like to ask a question with regard to draftsmanship. If the minister will look at paragraph (a) he will see that it begins by saying that the tax in respect of transportation tickets or rights of transportation "(a) be removed in respect of transportation by vessel or aircraft"; which seems to imply that the tax existed in respect to both. Then clause (b) reads: "be extended to apply in respect of all transportation by vessel". Are the words "or aircraft" left out with intent?

Mr. COCKERAM: What does that clause actually mean?

Mr. ABBOTT: It is a little technical, but I am advised that in the past if you bought a one-way ticket to Europe or to Bermuda it was not taxable but if you bought a return ticket it was. Now in accordance with a similar practice adopted in the United States with respect to this tax, if I may use the figure, we intend to put a box around the northern part of the North American continent; and tickets sold from one point within that box to another point will be subject to this tax. I think it will be made a little clearer when the legislation is actually brought down. My hon. friend will appreciate that these resolutions are drawn in rather general terms and that the statute itself will be a bit more specific.

Mr. HACKETT: The northern part of the North American continent; what does that mean? North of Mexico?

Mr. ABBOTT: I answered that question last night and said there would be a definition in the statute itself when it is brought in. I have not seen the draft of the statute and I cannot give my hon. friend that definition today, but it will be specifically defined in the terms of the statute.

Mr. GREEN: Does it include Bermuda?

Mr. ABBOTT: Yes, I am informed that it does.

Mr. HACKETT: And Mexico?

Mr. ABBOTT: Yes.

Mr. JACKMAN: I asked the minister last evening, not out of idle curiosity, how it was that the tax on aeroplane travel was sometimes based, in the case of non-scheduled

flights, on a rate of one cent a mile rather than the 15 per cent rate. I wonder if he could tell me how that came about?

Mr. ABBOTT: I am not too certain that I am quite clear on that myself; it is primarily an administrative problem, but here is the situation as I understand it. It relates largely to a private chartered plane which would be taken by an individual prospector. The charge could be on a mileage basis or at a charter rate. The plane would carry both passengers and equipment, and sometimes general freight. The department did not want to charge a tax with respect to the freight; therefore this rate of one cent per passenger mile was worked out as an alternative. That may not be too clear but I am afraid it is the best I can give my hon. friend at the moment. If he would like a further explanation I would be happy to refer him to the officials of the department.

Mr. JACKMAN: I am more interested in the general principle behind this matter than in the actual tax of one cent a mile on non-scheduled flights. I find that in a number of cases we pass taxation statutes here, framing them as we think they were intended to be framed by parliament. By the time they are operated upon in the national revenue department however, they bear little resemblance to the original. I want to know just how it comes about that when we pass a law imposing a tax of 15 per cent on aeroplane travel the Department of National Revenue or the Department of Finance sees fit to change the basis of the tax.

Mr. LALONDE: Will the minister give me some information about this tax on passengers in chartered planes? When a plane is chartered to carry both passengers and goods, is the tax applied to both passengers and goods, or to the passengers only?

Mr. ABBOTT: Just the passengers.

Mr. HANSELL: I think it is a commendable thing, of course, when we are asked to pass anything that removes some tax and therefore I do not see how I can oppose this particular item. But personally I am opposed to any tax on railway and steamship travel, for the reason that the tax is imposed upon a service which is given. I can quite understand when the government has to obtain revenue, as it does under the system under which we are now operating, how they have to look around for sources of taxation. I can quite understand how they could reasonably tax chewing gum and lipstick and a few other things of that kind. But that is something people buy, something they have, something they use and wear out or keep as long as they wish. Here is a tax on a service which is given. People do not carry it home with them; it is a service they are compelled to have. I can understand—perhaps I would not know how to designate it—how a tax might reasonably be imposed upon pleasure travel, but you see we are so constituted that if we want to go somewhere we cannot get there without taking our bodies along with us. Therefore we need a little transportation. This is a service given to us, and we are taxed upon a very necessary service. I am opposed to that because, as the government looks for new sources of revenue, the first thing we know we are going to be taxed upon other types of services.

Mr. BURTON: Don't give them new ideas.

Mr. HANSELL: Perhaps when I remove my baggage to the train, or when I take a taxicab somewhere, I will find myself paying a tax. I do not suppose they would be so mean, shall I say, as to tax doctors' bills, but a doctor renders a necessary service, and the first thing we know the government is going to say, "We have taxed this service and that service; perhaps we can tax doctors' bills." All sorts of services are being taxed. I think we have to cut this thing off somewhere and cut it off as short as we can. I do not think any government has a right to tax such things as necessary services that are given.

Mr. ADAMSON: I want to ask just one question before this item carries. The air transport board have licensed a number of carriers for certain routes; I am thinking of several emanating from Toronto, which are occasional carriers. During part of the season they run fairly regularly, and in the winter perhaps they do not run at all. I understand that under the regulations these carriers would be taxed at the rate of one cent per passenger mile, though they are definitely licensed to operate from certain points to certain districts. I am thinking of the service from Toronto to Muskoka and Toronto to Lake of Bays, and further north. On the other hand mining operations, such as the service from Kenora to Favourable Lake, which has a definite rate but no definite schedule, because it is a definite prescribed trip operated by Canadian Pacific Air Lines would be taxable under the 15 per cent rate, whereas the other services would be taxed only at the rate of one cent per passenger mile. I point out to the minister that in the one case the tax is extremely unfair, while in the other it has to do with

what is more or less a pleasure type of travel which probably should stand the extra impost.

Mr. ABBOTT: Well, if I am able to follow out what I hope I may be able to do—that is, eliminate this tax where the flight would be made to a certain area where there is no other means of transportation—that would eliminate the 15 per cent tax and the cent tax as well. It is explained that that cent tax is in lieu of the 15 per cent tax, and applies only, in addition to the matter of the unscheduled flight, to where the plane is carrying both passengers and freight. If the plane were carrying passengers, only 15 per cent would apply to the price of the flight. But it is to get away from charging this tax on the freight that this was worked out, after consultation with the air transport companies. They advised the department that that was equitable, and worked out, as closely as could be arrived at, at the 15 per cent rate on the passenger part of the load.

Resolution agreed to.

2. That the tax on syrups enumerated in customs tariff items 139 (except glucose and grape sugar) and 140 (except molasses) be reduced from two cents per pound to one cent per pound.

Mr. ABBOTT: Perhaps I might give an explanation. The purpose of this amendment is to remove present anomalies in the sugar tax structure. Prior to the war, table syrups and corn syrup sold for domestic use were taxable at the same rate as granulated sugar. During war time, for price ceiling reasons, the tax on sugar was reduced from two cents a pound to one cent a pound, although the tax on table syrups and corn syrup was left at two cents a pound. The amendment at present proposed would bring the tax on syrups into line with the tax on sugar of one cent per pound. Revenue from the sugar tax in the fiscal year ended March 31, 1947, was about $11,300,000.

Mr. HACKETT: This lowers the rate to one cent?

Mr. ABBOTT: Yes.

Mr. GREEN: This resolution involves an amendment to section 80 of the Special War Revenue Act. Under that section we deal with the tax on soft drinks. I should like to make a few submissions to the minister today in respect to that tax.

If he will remember, we had a spirited discussion last session; at that time he made some concessions to the tea and coffee drinkers.

The CHAIRMAN: Order. The committee is now considering resolution No. 2, with respect to syrups. I do not think at this time a discussion on soft drinks should be allowed. I should think when second reading of the bill is before the house the discussion might be in order; but it is not related to this resolution.

Mr. GREEN: The minister did not raise any objection—and rightly so, I suggest. I submit that the resolution involves a change in section 80 of the Special War Revenue Act, because it concerns a schedule under that section. In that same schedule we find a portion of the tax on soft drinks. Furthermore this item has to do directly with the same group of taxes. The same commodity, sugar, is required for the manufacture of soft drinks. So that in two ways I say it is relevant to have the discussion now.

I submit, sir, that you are unduly zealous in raising the point at this time. Certainly if I am in order in discussing the matter on the bill, I am equally in order in discussing it on this resolution, and I submit I should not be ruled out of order.

The CHAIRMAN: I assure the hon. member I do not wish to restrict the discussion unduly. But as chairman of the committee I feel I should draw the attention of hon. members to the resolutions under discussion. I believe it is the wish of the committee so far as possible to keep the discussion relevant to the resolution under consideration. However I am in the hands of the committee.

Mr. ABBOTT: Perhaps I might add a word. I agree with the view taken by the chairman, that my hon. friend is not strictly in order when he proposes to discuss the soft drinks tax on this resolution. He would be completely in order if he were to make a speech on second reading of the bill. I took the same stand last night in connection with the hon. member for Peterborough West.

The tax on soft drinks comes in here only because it is in the schedule referred to in section 80, along with a great many other commodities. This is a very narrow change in the act, and relates solely to bringing into line the tax on table syrup and corn syrup with the changed tax on sugar.

If we were to allow a discussion on this very interesting topic of soft drinks in the committee stage on this resolution, I believe we would have to allow the discussion to take place in detail, and to answer questions in detail in respect of all the other commodities taxed under the schedule. I submit that would be going a long way. My hon. friend will have the fullest opportunity of placing his views on the question of soft drinks before the house when the bill is introduced, one sec-

tion of which will relate to this resolution. I do suggest, however, that he is out of order now.

Mr. GREEN: On the minister's own argument I am in order, because he has said I can discuss it on a section of the bill.

Mr. ABBOTT: No, I said it could be discussed on second reading.

Mr. GREEN: Or on second reading. If I can discuss it on a section of the bill, then I can discuss it here.

Mr. ABBOTT: My answer is that the hon. member cannot discuss it on a section of the bill.

Mr. GREEN: I do not want to carry my submission to the extent of having to appeal from the Chairman's ruling. I understand, sir, you have not made a ruling yet, in any event. But I submit I am in order, bearing in mind the two points I have mentioned. Certainly I am in order on the ground that sugar is required in the production of soft drinks.

Mr. ABBOTT: And a great many other things are required, too.

Mr. GREEN: This is part of the tax on sugar. Now, the minister may not like to have this subject discussed; I do not doubt that he is trying—

Mr. ABBOTT: Nonsense. I can discuss soft drinks as well as my hon. friend. I have had as many letters as he has.

Mr. GREEN: Perhaps that is why he is trying to put off the discussion.

Mr. ABBOTT: My reason is that I am endeavouring to cooperate in completing the proceedings of the house, in order and within a reasonable time. If we debate all those resolutions in the schedule in respect of which sugar is a raw material, then surely the field is wide open. My hon. friend or any other member in the committee may make any speech he likes on second reading of the bill to amend the Special War Revenue Act. He can talk about soft drinks, or about the candy tax or any of the other taxes imposed under that act. But when we are trying to have passed through committee a resolution which authorizes the introduction of a bill to make certain specific amendments, then it seems to me it is out of order to throw the door wide open and to discuss any commodity tax imposed under the provisions of the Special War Revenue Act. That is what my hon. friend is suggesting.

Mr. GREEN: The minister does not want to have the session delayed by the opposition asking questions, and I can quite understand why.

An hon. MEMBER: He did not say that.

Mr. GREEN: We can understand why he takes that position. I would do the same thing if I were over there. But I submit that if we are to be bound down when the house is in committee, in a manner such as has been suggested by the minister, we would have imposed upon us an entirely unwarranted restriction of our rights as members of the house.

It will be noticed that the minister did not raise this point of order. He was perfectly willing to have the discussion go on. The chairman was the culprit. I suggest that I be allowed to proceed.

The CHAIRMAN: I did raise the point of order, because I try to keep discussion in committee within the bounds of the rules. It occurs to me, with considerable force, that there are about 79 other items in the schedule.

Mr. MACDONNELL (Muskoka-Ontario): If you are going to make a ruling, Mr. Chairman, will you allow me to say one word further?

The CHAIRMAN: May I conclude my statement? I will give the hon. member opportunity to make his remarks before I give my ruling. As the minister has stated, there are eighty items in the schedule, and if we allow a discussion at this time on soft drinks there is no reason why we should not allow a discussion on any of the other seventy-nine items. But I do not think that would be the wish of the committee. After hearing everything that has been said so far I still feel that the discussion on soft drinks would not be in order at this time, but as I said, I shall be glad to hear from the hon. member for Muskoka-Ontario.

Mr. MACDONNELL (Muskoka-Ontario): Mr. Chairman, I shall not base my remarks on technical rules of order, but I think the discussion should be allowed as a matter of convenience and common sense. It is a matter in which I believe a good many members are interested. I do not think there is any chance of any of the other seventy-nine items being brought up at all. I suggest that for us to make speeches across the floor at each other on the second reading of the bill is a poor substitute for a free and easy discussion in committee where question and answer are in order. It does seem to me that as a matter of convenience as well as for the reasons given by the hon. member for Vancouver South, it

would be in the interests of the committee to discuss this matter now, and that we should not be kept from discussing it by a technical rule. It is a matter of public interest and of interest to a good many members of the house.

Mr. BOUCHER: Before you give your ruling, Mr. Chairman, may I ask a question? If you were to say it would be out of order at this time to discuss the tax on soft drinks, would it not amount to an interpretation of the rules to the effect that there could be much wider latitude for debate on second reading than on the resolution? The object of a resolution is to give notice of the introduction of a bill and to give a general outline of its purpose, but not its specific terms. But once the bill has been introduced and given second reading you have its specific terms before you. I should think that the rules of the house would govern debate more strictly on the second reading of a bill than they would on resolutions, that debate on the second reading would be more restricted. On the other hand we have the Minister of Finance saying that it would be proper to make speeches on the soft drink tax on the second reading of the bill but improper on the resolution. If we look at the logic of it I think we shall realize that the better policy and the more efficient and I believe the more expeditious would be to allow question and answer in committee on the resolution rather than having long speeches on second reading.

Mr. KNOWLES: May I make a suggestion in connection with this matter?—and I do it as one who does not intend to take part in the soft drink debate. It seems to me, Mr. Chairman, that members are desirous of speaking on this matter, and if some arrangement is not made as to where the discussion can take place, members will be attempting to discuss it at every possible stage. Frankly I do not see any place where the rules clearly provide that the soft drink tax can be discussed; for the budget makes no reference to it at all. I think it would be a matter of convenience and expedite the business of the house if the discussion could take place now, on the understanding that it would not constitute a precedent for permitting the discussion of other matters. I think it would be best to have the discussion now and get it over with.

Mr. ABBOTT: I have run into this business of not creating precedents before. My understanding of the rules of the house, and I must confess that my knowledge of them is not as wide as it might be, is that they are made to be followed and designed to expedite the business of the house. Standing order 58 provides that speeches in committee of the whole must be strictly relevant to the clause under consideration. I do not want to cut off any debate on the soft drinks tax. I assume that a great many members want to put forward their views and urge that the tax should have been removed, so there is going to be no surprise element in this soft drinks tax debate. I am not going to be a bit surprised by it. I know everything I can say in answer to it now, and I am quite prepared to answer at the proper time, but I say that the proper time under the rules of the house is on the second reading of the Special War Revenue Act, when I shall be prepared to answer any arguments then put forward. The only question I can answer now is: Are you going to take the tax off? My answer would be no.

Mr. ROSS (St. Paul's): There has been a lot of discussion and a lot of time wasted over this. I would point out, Mr. Chairman, that there is a clause of this resolution on which the discussion could take place, and that is clause 4, which deals with sales and excise taxes. Anything in connection with sales and excise taxes could be discussed under clause 4, so you might as well let the discussion proceed and get it over with.

Mr. IRVINE: Mr. Chairman, are we discussing a point of order or are we discussing the item?

The CHAIRMAN: We are discussing a point of order, and hon. members are expressing their views on the point of order before I give my ruling.

Mr. GREEN: The minister has intimated that there could be a debate on the second reading, but what I would ask him is whether he means that there can also be a discussion when we are considering the sections of the bill in committee.

Mr. ABBOTT: There can only be a discussion of matters which are relevant to the particular sections. Unless the government sees fit to introduce an amendment there will be no amendment to the Special War Revenue Act with respect to the tax on soft drinks. Nevertheless it is perfectly open to any hon. member to express any views he may have with respect to that or any other tax covered by the bill when it is up for second reading. That is all.

Mr. GREEN: That means in effect that if you rule against me, Mr. Chairman, there can be no discussion of this soft drinks tax when

the house is in committee. There can only be a discussion of it in speeches on the second reading of the bill. I submit that that is most unfair, that in effect it is gagging the house on this question.

Mr. ABBOTT: That is nonsense.

Mr. GREEN: That is the effect of it.

Mr. ABBOTT: My hon. friend knows better than that.

Mr. GREEN: That is the effect of it, and I suggest, Mr. Chairman, that we should be allowed to discuss it at this time. I repeat my grounds for asking that the discussion be held now. The resolution comes under the same section of the act and under the same schedule of the act and involves a sugar tax, and sugar is the main commodity used in the manufacture of soft drinks. I therefore submit that I am in order in discussing the soft drinks tax on this resolution.

Mr. DIEFENBAKER: Mr. Chairman, the arguments advanced by the minister have convinced me that this is the place where the discussion can take place.

Mr. ABBOTT: Were you not convinced before?

Mr. DIEFENBAKER: No, Mr. Chairman. I had a more open mind toward the question than the minister would have had to the arguments that would have been advanced by my hon. friend respecting this tax. The minister with great frankness, unusual in ministers, has said that no matter what arguments may be advanced by those who desire this change, there is going to be no change in the soft drinks tax. In listening to the argument, I had a more open mind than that displayed by the minister. We have had this argument year after year, and invariably it started off by a general discussion of the question whether or not the section permits a discussion. Over the years I think we have found that time is saved when a discussion such as this takes place once and for all. Now that we have heard both sides, I suggest that it will not take long. We have taken more time in discussing whether or not it should have been discussed than would have been taken in discussing the subject had it been discussed. Having regard to the general feeling of the committee, I suggest, sir, that you be not too strict in the application of the rule.

The CHAIRMAN: I have been generous in allowing discussion at this time, and I have received expert advice which I appreciate. I am almost prepared to make my ruling, but perhaps I should hear the hon. member for Humboldt before doing so.

Mr. FRASER: I should like to speak on this matter because I opened up the subject last night.

The CHAIRMAN: After I hear the hon. member for Humboldt, I shall hear the hon. member for Peterborough West and make my ruling.

Mr. BURTON: What I was going to bring to your attention before you made your ruling, sir, was this. The Minister of Finance said that when the bill came up for second reading any hon. member could speak on the questions that have been raised. May I point out that when the bill is up for second reading all that any of us can do is to talk. When it comes to making any change or any impression on the minister to change the bill, may I say that I have never seen that happen in this or in any other house. On second reading you vote for the principle of the bill. If you rule against us now, sir, you put us in the position, if we do not like what is incorporated in the bill, of having to vote for it if we approve the principle of it.

As has been mentioned before, if the wishes of the Minister of Finance are followed, the question cannot be discussed at any other place. What is the purpose of the resolution stage if it does not give the minister, who is piloting the resolution through the house, the benefit of the advice that may be offered to him by hon. members representing all parts of the country? If he is not prepared to make any change in the resolution, why try to lead us to believe that we can discuss it and have any effect on it on second reading of the bill? I contend, Mr. Chairman, that our procedure is obsolete, and that we should have something to say in helping to draw up legislation.

Mr. ABBOTT: I must answer the constitutional point raised by my hon. friend. He asks why a resolution precedes a bill. It is in accordance with the old British parliamentary practice that a money bill must be preceded by a resolution. A resolution can be proposed only by a member of the government. A private member is not permitted to move an amendment to a resolution which affects the balance of ways and means. The resolution is to permit a particular tax which it is proposed to change to be discussed, not any and every tax which hon. members may feel should either be imposed or removed. That, I think, is perfectly clear to my hon. friend.

I know my hon. friend did not mean to insinuate otherwise. The purpose of introducing a resolution with respect to a particular tax, in my understanding, is not to enable hon. members to suggest any other tax that they think should be proposed which does not relate to the particular tax covered by the resolution.

Mr. MacINNIS: May I ask the minister a question?

Mr. FRASER: In the remark made by the minister a few moments ago, he said that we could ask him all the questions we wished on second reading, and he would answer them.

Mr. ABBOTT: No, not on second reading.

Mr. FRASER: Yes.

Some hon. MEMBERS: No.

Mr. ABBOTT: If I said that I did not intend to say it.

Mr. FRASER: The minister said he would answer all the questions.

Mr. ABBOTT: I think I said argument.

Mr. FRASER: All right; argument and questions are the same.

Some hon. MEMBERS: No.

Mr. FRASER: Pretty close to it. The minister would not have a chance to answer them.

Mr. ABBOTT: I would conclude the debate on second reading.

Mr. FRASER: The minister would not have the time to answer all the questions at once. The resolution says:

Resolved that it is expedient to amend the Special War Revenue Act—

And so on. Amendments are being made, and then it goes on to provide for certain things as set forth here. Therefore, Mr. Chairman, I believe that under the heading we can discuss anything at all.

Mr. MacINNIS: Mr. Chairman, I was going to ask the minister a question and you may listen in, too. This is a resolution preceding a bill.

The CHAIRMAN: May I remind the hon. member that all questions should be put to the minister through the chairman of the committee.

Mr. MacINNIS: That is honoured more in the breach than in the observance. This is a resolution preceding the amendment of a certain act. The minister said that certain things could be debated when the bill comes up for second reading. Must it not naturally follow that if this is a resolution preceding the amending of an act, on which a bill will be based, anything that can be discussed on the bill can be discussed on the resolution?

Mr. KNOWLES: And vice versa.

Mr. MacINNIS: Of course; therefore anything that can be discussed on the bill surely can be discussed on the resolution.

Some hon. MEMBERS: No.

Mr. ABBOTT: My hon. friend may be right. I have never made any pretensions of being an expert on the rules of the house. My understanding has always been, over the three or four years I have followed these matters, that when we were discussing a particular resolution we had to stick to its terms. Possibly I have been labouring under a misapprehension all this time. That has been my understanding. It seems to me it is a common-sense sort of rule if one is to expedite the business of the house. As I said before, I do not want to curtail debate or discussion on the soft drink tax or any other tax. My only suggestion is that we have the discussion if we can at the proper place. If you will make your ruling, Mr. Chairman, I shall abide by it. I suggest that the proper place for the discussion is on the second reading of the bill.

Mr. ROSS (St. Paul's): Before you make your ruling, sir—

The CHAIRMAN: I have had a lot of advice. I think I should be in a position to make my ruling shortly.

Some hon. MEMBERS: Ruling.

Mr. McMASTER: I understand that the hon. member for Vancouver South desires to speak on the tax on sugar. In the course of his remarks on the tax on sugar, he will be led into a consideration of the sugar that is used in various ways, and he will find that it is used in soft drinks. That is the sugar he wants to speak on. He does not want to curtail his remarks to one specific use of sugar, and I do not see why he should not be permitted to make his remarks.

Mr. ROSS (St. Paul's): May I ask a question? I suggest that this discussion could all take place under clause 4.

The CHAIRMAN: Order. We are not considering that clause.

Mr. ROSS (St. Paul's): Clause 4 states:

That payment of sales and excise tax be required without refund in respect of taxable goods purchased or imported . . .

And so on. There is no question in my mind that the discussion can take place on this clause. The whole gamut of it can be discussed, and you may rule as you like.

The CHAIRMAN: As chairman of the committee I am bound by the rules of the house. Some hon. member suggested that we might gag discussion. If that is the result it is on account of the rule, and it is the rule that should be changed. Let me read to the committee standing order 58 (2):

Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

It leaves no latitude so far as the chairman is concerned. He must see that the discussion is strictly relevant. Before I could make any ruling that would contravene the standing order I would require the unanimous consent of the committee. I take it that there is not unanimous consent at this time to a discussion of the soft drink question.

Some hon. MEMBERS: No.

The CHAIRMAN: Therefore I must make my ruling in accordance with the standing order. There are seventy-nine items in the schedule referred to in the present clause, and if at this time I allowed discussion on soft drinks without unanimous consent, I would have to allow discussion of the seventy-eight other items. I do not think that would be the wish of the committee. Therefore, since there is not unanimous consent at this time for the discussion of the soft drink question, I am forced to rule that discussion of the question at present is out of order.

Mr. GREEN: With all due respect, Mr. Chairman, I must appeal your ruling to the house.

The CHAIRMAN: I may remind the hon. member for Vancouver South that the appeal will be to the house and the Speaker will have to be recalled and take the chair. In view of that, does he wish to proceed?

Mr. GREEN: I realize only too clearly what has to be done, but we have a question to discuss, and the result of your ruling, Mr. Chairman, is that it cannot be discussed either here or in committee when the bill is brought in. We do not propose to let that go without appeal to the house, and therefore I appeal to the house.

The CHAIRMAN: The only result of my ruling is that discussion of soft drinks cannot take place under this clause. That is the only result of the ruling.

Mr. GREEN: The fact is that there can be no discussion across the floor of the house as a result of your ruling, Mr. Chairman, and therefore I appeal to the house.

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

The chairman of the committee of the whole ruled that discussion of the question of soft drinks could not take place under clause 2 of the resolution referring to the Special War Revenue Act on the ground that under standing order 58 (2) discussion should be strictly confined to the clause under consideration. Mr. Green appeals the ruling.

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
Archibald
Argue
Arsenault
Baker
Beaudoin
Beaudry
Belzile
Benidickson
Bentley
Bertrand (Laurier)
Bertrand (Prescott)
Blanchette
Boivin
Bonnier
Bourget
Bowerman
Bradette
Bridges
Brunelle
Campbell
Caouette
Chevrier
Claxton
Cleaver
Cloutier
Coldwell
Coté (Verdun)
Cournoyer
Croll
Cruickshank
Dion (Lake St. John-Roberval)
Dorion
Eudes
Fair
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gagnon
Gariépy
Gauthier (Nipissing)
Gauthier (Portneuf)
Gibson (Hamilton West)
Gillis
Gingues
Gladstone
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Hallé
Hamel
Hartt
Healy
Herridge
Hlynka
Howe
Ilsley
Irvine
Jaenicke
Jean
Jutras
Kirk
Knight
Knowles
Kuhl
LaCroix
Lafontaine
Lalonde
Langlois
Lapointe
Laurendeau
Leger
Lesage
McCann
McCuaig
McCulloch (Pictou)
McDonald (Parry Sound)
McGarry
McIlraith
MacInnis
McIvor
McKay
MacKinnon
MacLean
MacNaught
Maloney
Marier
Marquis
Martin
Matthews (Brandon)
Maybank
Mayhew
Michaud
Mitchell
Moore
Mullins
Mutch
Nicholson

Nixon	Smith (York North)
Parent	Stewart (Winnipeg North)
Picard	Stuart (Charlotte)
Pinard	Strum, Mrs.
Quelch	Thatcher
Raymond (Wright)	Townley-Smith
Reid	Tremblay
Richard (Gloucester)	Tucker
Richard (Ottawa East)	Viau
Rinfret	Warren
Robinson (Simcoe East)	Weir
Ross (Hamilton East)	Whitman
St. Laurent	Winkler
Shaw	Winters
Sinclair (Vancouver North)	Wright
Sinnott	Wylie
	Zaplitny—131.

NAYS

Messrs:

Barrett	Hatfield
Black (Yukon)	Hodgson
Blackmore	Homuth
Blair	Jackman
Boucher	Jaques
Bradshaw	Johnston
Brooks	Kidd
Burton	Low
Case	Macdonnell (Muskoka-Ontario)
Casselman	McGregor
Castleden	McMaster
Charlton	MacNicol
Church	Menary
Cockeram	Merritt
Coyle	Robinson (Bruce)
Daniel	Ross (St. Paul's)
Diefenbaker	Rowe
Drope	Skey
Fleming	Smith (Calgary West)
Fraser	Stephenson
Gibson (Comox-Alberni)	Stokes
Graydon	Timmins
Green	Webb
Hackett	White (Hastings-Peterborough)—49.
Harkness	

And the house having resumed in committee.

The CHAIRMAN: Special War Revenue Act, section 2.

Mr. COCKERAM: This tax of one cent a pound on sugar is the tax the confectioners have to pay?

Mr. ABBOTT: I believe that is correct.

Mr. COCKERAM: Is it a fact that chocolates and confectionery are the only foods that pay such a tax as a war tax?

Mr. ABBOTT: All foods that have sugar in them pay the tax. There has been sugar tax for some time; it has been reduced from two cents to one cent, but the tax is on sugar as such.

Mr. COCKERAM: Recently the cost of sugar was increased by one cent a pound, and is it to offset that increase that this tax is being reduced by one cent?

[Mr. Green.]

Mr. ABBOTT: No; my hon. friend is under a misapprehension. The tax on sugar as such was reduced one cent a pound two or three years ago. The tax of two cents a pound on these specialized syrups, which was based on sugar, was retained at two cents. This is an adjustment action, to bring the tax on these table syrups other than glucose and grape sugar into line with the tax imposed on sugar itelf. It is a related measure, as the hon. gentleman will appreciate.

Mr. MacNICOL: What is the reason for the exemption of glucose?

Mr. ABBOTT: There is no exemption; that is simply the definition.

Mr. MacNICOL: Is there a tax on glucose and grape sugar now?

Mr. ABBOTT: Yes. Glucose and grape sugar are already taxed at the rate of one cent a pound. That is the explanation.

Mr. MacNICOL: And this brings them all to one cent?

Mr. ABBOTT: That is right.

Section agreed to.

3. That the provisions relating to the imposition of the consumption or sales tax on the sale price of goods be amended to provide that where the sale price is payable in instalments, the tax will be payable *pro tanto* at the time of payment of the instalments whether or not there has been physical delivery of the goods.

Mr. KNOWLES: When the minister explains this matter would he say how active has been the consideration given the removal of the sales tax?

Mr. ABBOTT: Perhaps the committee would like the usual brief explanation as to just what is involved in this change. The purpose of this amendment is to enable the department to continue to collect tax on instalment payments on taxable goods, regardless of whether there has been physical delivery of the goods. A recent court decision held against the departmental practice which over the years has been followed. I think the principle which has been followed is sound, and the purpose of the amendment is to provide law for continuing it. I have in my hand a long list of various commodities which are sold under these terms, coal stokers, pulverizers and so on.

Mr. FRASER: Is this not already in section 80A?

Mr. ABBOTT: It is in section 86, I am told.

Mr. DIEFENBAKER: What is the name of the case?

Mr. ABBOTT: I believe it is the Dominion Engineering case; I have not the reference here. The case in question related to some paper mill machinery sold by Dominion Engineering. That was the particular set of circumstances in which the question arose; and to the surprise of the department this practice which it had been following for years, which it believed was justified under the act and which the department believed was the law, was held by the court not to come within the section. The section imposes a consumption or sales tax of eight per cent on the sale price of all goods produced or manufactured in Canada, et cetera; and then there is this proviso in section 86 (1) (a):

Provided that in the case of any contract for the sale of goods wherein it is provided that the sale price shall be paid to the manufacturer or producer by instalments as the work progresses, or under any form of conditional sales agreement, contract of hire-purchase or any form of contract whereby the property in the goods sold does not pass to the purchaser thereof until a future date, notwithstanding partial payment by instalments, the said tax shall be payable *pro tanto* at the time each of such instalments falls due and becomes payable in accordance with the terms of the contract, and all such transactions shall for the purposes of this section, be regarded as sales and deliveries.

I do not remember the reasoning in the case, but apparently it was held that where there was not actual delivery, though there were payments of instalments, we could not charge the sales tax.

Mr. McMASTER: Read the next clause. I think that is the answer.

Mr. ABBOTT: The next clause reads:

Provided further that in any case where there is no physical delivery of the goods by the manufacturer or producer, the said tax shall be payable when the property in the said goods passes to the purchaser thereof.

Mr. McMASTER: If it never passes you never get it.

Mr. ABBOTT: That is right.

Mr. WRIGHT: Does this clause apply to the luxury tax?

Mr. ABBOTT: It has nothing to do with that.

Mr. KNOWLES: I wonder if the minister would answer the question I asked in the beginning.

Mr. ABBOTT: Well, consideration was given to all the taxes, including the so-called luxury tax and the sales tax. But as I said in my budget speech, I came to the conclusion that such tax relief as I felt could be given this year should be concentrated on the personal income tax, and that therefore it was not possible to make a reduction in the sales tax. As my hon. friend appreciates, a reduction of even one or two per cent in the sales tax would run into a substantial sum of money. That is the sort of thing one would have to consider, if he were reducing the sales tax. To put it briefly, I felt I could not justify a reduction in both taxes this year, and therefore decided against it.

Mr. KNOWLES: It has been said that our efforts to persuade the government to change any items in the budget do not get very far. As a matter of fact, they do, over the years. We do find from year to year that points for which we have argued in the past have been given a little more consideration by the government than seemed indicated at the time.

Mr. DIEFENBAKER: After public opinion has been created.

Mr. KNOWLES: That is right. I can give my hon. friend examples—and may do so before the debate is over, but shall not take the time just now. In view of the slight progress we make, I rise to register the strongest objection I can to the continuance of so large a proportion of our federal revenue being collected by means of a sales tax, which bears no relationship whatever to the ability of our people to pay. This is not a sound principle of taxation. It means that those in the lower income brackets, brackets so low that they are not paying any taxes at all under the heading of income tax, are paying huge sums of taxation in this indirect form.

I urge that the minister give further consideration to this matter. I still hope that something may be done about it this year. If not, then at the next session let us have a repeal of the sales tax.

Mr. MACDONNELL (Muskoka-Ontario): I notice that resolution 3 is confined wholly to cases where the sales tax is payable in instalments. Is it clear that this point cannot arise where the sales price is not payable in instalments?

Mr. ABBOTT: Yes, the law is perfectly clear, where it is not payable in instalments. As I said, legislation is being introduced because of the court's decision in the Dominion Engineering case.

Mr. MACDONNELL (Muskoka-Ontario): My point was as to whether in a case where payments were not made by instalments, but where there was non-delivery of goods, the same point might arise.

Mr. ABBOTT: The point will be made clear when the hon. member sees the proposed

amendment to the law. This is intended to cover those cases where, although delivery may not have been made, if the contract is there and the price is being paid, a proportion of the amount of sales tax goes with each instalment.

Resolution agreed to.

4. That payment of sales and excise taxes be required without refund in respect of taxable goods purchased or imported for commercial or mercantile purposes by provincial governments or agents or servants thereof.

Mr. KNOWLES: What does this mean?

Mr. ABBOTT: The purpose of this amendment is to remove what I think is an unintended exemption in the present law. The law at present does not impose sales or excise taxes on purchases by provincial governments unless the goods are for resale. The tax does apply, however, in respect of goods purchased by provincial railways, commissions, boards or public utilities. There are certain provincially owned commercial undertakings which, on the basis of the above principles, should bear tax but at present escape tax. The purpose of the amendment is to remove the existing anomalies in the law and to treat purchases by or on behalf of provincially owned industrial or commercial enterprises taxable.

Mr. BROOKS: Does this mean that provincial governments which buy road machinery through an outside agent place the agent in a position where he would be exempt from the sales tax?

Mr. ABBOTT: He would be exempt in that case. But a provincial government through its hydro electric power commission, for example, purchasing equipment for development of electricity, would be subject to tax. It is looked on as a commercial venture of the provincial government.

Mr. HACKETT: Is there a distinction made between machinery used for the development of electricity, taking the example the minister gave, and that which is purchased for resale to a consumer?

Mr. ABBOTT: That, I understand, is exempt. Production machinery would be exempt. But if a public utility—as, indeed, a great many of them do—were to carry on business in a retail store selling refrigerators and things of that kind, then those would be subject to sales tax, the same as they would be in any other concern.

Mr. MACDONNELL (Muskoka-Ontario): What is the position with respect to corporations formed by the dominion government?

[Mr. Abbott.]

Mr. ABBOTT: They pay sales tax, and always have.

Mr. MacNICOL: If the hydro electric power commission of Ontario, or of any other province, were to purchase equipment for the production of electricity—

Mr. ABBOTT: That is exempt from sales tax.

Mr. MacNICOL: If it is for the production of power?

Mr. ABBOTT: That is right.

Mr. JAENICKE: I presume the provinces pay the tax in the first place do they; and then there is a refund?

Mr. ABBOTT: No. A provincial government which is carrying on a commercial or industrial enterprise so far as sales tax is concerned is treated exactly the same as any other individual or corporation carrying on a like business. Purchases by a province for purely provincial purposes such as stationery for the parliament buildings or government offices, would be exempt from sales tax, and always has been.

But, as I say, if they are carrying on a public utilities business, and are selling electric ranges or electrical equipment, then those transactions are subject to tax in the same way as their commercial competitors would be subject to the same tax.

Mr. JAENICKE: But do they pay it in the first place, and then apply for a refund?

Mr. ABBOTT: I am told they do not, in practice.

Mr. STEPHENSON: What about motor vehicles bought by provinces; would they be subject to tax?

Mr. ABBOTT: No, not if they are for their own use. If they are buying motor vehicles for use of provincial officials, they are exempt.

Mr. McMASTER: I should like to read section 105(2) which states:

A refund of the amount of taxes paid under Parts X, XI, XII and XIII, of this act may be granted to a manufacturer, producer, wholesaler, jobber or other dealer on goods sold to His Majesty in the right of the government of any province of Canada, if the said goods are purchased by His Majesty, for any purpose other than purposes of resale or for the use of any railway, commission, board or public utility—

And so on. Does that mean that if it is for use of a railway or commission it should not be taxable?

Mr. HACKETT: A railway, commission, board or public utility.

Mr. McMASTER: I do not understand the use of the word "or". Does it mean when the purchase is made by His Majesty for any purpose other than the purpose of sale, or for use? I understood the minister to say it would not be taxable if it was taken for their own use.

Mr. ABBOTT: I am told the short answer is that if a province buys for its own use, it is not taxable. If it buys for any of the purposes set forth in section 105, then it is taxable.

Mr. McMASTER: But if it is bought for the use of a commission it is not taxable?

Mr. ABBOTT: It is taxable, yes.

Mr. ROSS (St. Paul's): Is it proposed to make any revision in the whole matter of sales and excise taxes? I note various items in the schedule. My hon. friend has mentioned the tax on soft drinks and on chocolate bars, and I understand the minister says he is going to do nothing about it. The poor children, of course, will not have any relief from that. It seems a pity. And not only the children, but a good many adults buy chocolate bars and pop.

It seems to me that the whole schedule should be revamped. Anyone who says that all toilet articles, for instance, are luxuries, is crazy; or all things for the use and care of the human body—and that includes the hair. I did not take enough care of mine.

Mr. GRAYDON: Perhaps you took too much.

Mr. ROSS (St. Paul's): And surely no one would say that shaving soaps or antiseptics are luxuries. They are charged 25 per cent. A refrigerator is taxable; an ice-box is not. A vacuum cleaner is taxable; a carpet sweeper is not. An electric range is taxable; a coal range is not. Here is another question—

The CHAIRMAN: Might I remind the hon. member that the clause we are discussing relates to purchases by provincial governments.

Mr. ROSS (St. Paul's): Purchased for resale.

The CHAIRMAN: It relates to sales tax and excise tax on goods purchased by provincial governments.

Mr. ROSS (St. Paul's): They buy these things.

The CHAIRMAN: If the hon. member is referring to hair tonic purchased by provincial governments he would be in order.

Mr. GRAYDON: They have as much need of it as we have.

Mr. ROSS (St. Paul's): I shall not talk about buying hair tonic for myself any more than you would, Mr. Chairman.

The CHAIRMAN: The chairman has bought enough of it himself.

Mr. ROSS (St. Paul's): I think the government should have taken into consideration the revision of this whole schedule. Most of it is crazy. A lot of these things in the schedule are not luxuries. Flatware, for instance, is not a luxury, although sterling silver might be. There is not only a luxury tax but on top of that a sales tax as well, so that by the time you have bought an article costing $3 and paid all the taxes on it you have paid about $5.30 for something worth $3. That is ridiculous. I ask the government to take into consideration the revision of this whole schedule and also that the retailer be not compelled to show the tax that goes on because that is a great detriment to sales.

Mr. McMASTER: It is really not a luxury tax at all.

Mr. ABBOTT: I want to make clear that it is not called a luxury tax in the act. It has never been referred to by my predecessor or by myself as a luxury tax. It is a tax on certain specific articles. Some of the articles mentioned by the hon. member for St. Paul's, such as electric ranges, and so on, have been removed from the list.

On the general question of excise and sales tax, I can only repeat what I said a little earlier in answer to the hon. member for Winnipeg North Centre, that I could not undertake a revision of the sales tax and excise tax structure this year at the same time that I was proposing substantial reductions in the personal income tax. You cannot have it all ways. For reasons which I elaborated in my budget speech I could not recommend reductions in this tax and at the same time recommend reductions in the personal income tax. I know perfectly well the line of attack which would have been taken by my hon. friends opposite, in the Conservative party at any rate, if I had made substantial reductions in the excise and sales taxes and not made substantial reductions in the personal income tax.

Mr. KNOWLES: You do not take your lead from them, do you?

Mr. ABBOTT: No.

Mr. GRAYDON: He might go farther and fare worse.

Mr. ROSS (St. Paul's): There are other things that enter into this, such as oil paintings, oriental rugs and many other items which could have been taken into consideration and which would have helped to make up the revenue lost by a reduction in the excise tax.

Mr. MERRITT: I have here the budget speech of the present Minister of Justice when he was finance minister in 1942 and imposed this tax which the minister has just said is not called a luxury tax. The Minister of Finance in 1942 said at page 3588 of *Hansard*:

I come now to indirect taxes. I would remind the house that, in the three previous war budgets, we have made a highly selective approach to indirect taxes. We have attempted to collect revenues on specific expenditures rather than on all expenditures.

And further down in the same paragraph:

I propose to follow again, therefore, a selective approach and recommend substantial increases in taxes which fall on luxury expenditures.

Then by the budget resolutions of that year all these nuisance and so-called luxury taxes were imposed. The next words I commend to the minister:

It is hoped that these taxes will discourage such expenditure. To the extent that they do, current savings will be increased. To the extent that such expenditures persist, the treasury will benefit from the revenue.

That was an understandable attitude in war time. The question I wish to ask the minister is this: Does he still hope that these taxes which the hon. member for St. Paul's and the hon. member for Vancouver South have mentioned will discourage expenditure by the people on these items?

Mr. ABBOTT: No, not necessarily. That was a general statement my predecessor was making. I would hope that it would be possible to remove this tax as soon as it can be done. But that was a general statement applying to a wide field of taxes. Obviously, some articles are less necessary, if I may put it in that way, than others. A short answer to the general proposition is that I felt I could not disturb that tax structure in this budget, because a very large number of goods with equal claims comes within that category, and you cannot pick out a particular article and say that the tax should come off that and not off another article.

Mr. MERRITT: May I correct the minister on that. It was clearly stated when the taxes were imposed that no general approach was being made to the problem. It was specifically stated to be a selective approach, certain individual items being picked out, and the then minister of finance said he hoped that these taxes would have the specific effect of reducing public expenditures on these items and thereby reducing their sales. There was no question of a general approach at all. Has the experience of the minister and his predecessor been that the hopes of the then minister of finance were fulfilled and that these taxes reduced public consumption of these specific articles? If they did, is the minister happy to contemplate that in peace time these special taxes imposed in war time should continue to have that effect on the people who produce and consume these commodities? That of course, is the objection taken by hon. members on this side to these particular taxes which were imposed during the war, in that they were put on, generally not for the raising of revenue, but specifically to drive out of production and consumption goods which were not considered necessary in war time. The minister said that he could not reduce these indirect taxes when he was reducing the income tax. By saying that, he is passing over the point that these taxes were specifically put on to be discriminatory among indirect taxes. I should like to have the minister comment.

Mr. ABBOTT: Only in part; they were put on, in addition, to obtain revenue, of course, as all taxes are. They have produced and are continuing to produce substantial revenue. As to whether they accomplished the particular object to which my hon. friend has referred, it is very hard to say. The cosmetics tax was referred to by the hon. member for St. Paul's. It was on a long time before the war; the rate was moved up a bit, but I do not know whether we need to stimulate the production or sale of these particular products as yet. Then, as to electrical equipment, stoves and that sort of thing, they were affected shortly afterwards by direct controls on production which simply did not make the material available for that class of goods. My reason for not taking them off this year, I say frankly to the committee, is based purely on revenue considerations.

Mr. FRASER: The minister said that he does not think this tax affects the sale. I have definite proof—

Mr. ABBOTT: I do not know whether it does or not.

Mr. FRASER: I have definite proof that this luxury tax, as it has been called, has affected the sale of such necessary articles as alarm clocks, non-jewel watches, knives, forks and spoons that are plated. The drop in the

sale of these articles has affected the livelihood of over two thousand industrial workers in Canada. It affects the lives of 625 in my own riding. There are 533 affected in one plant in Toronto, 175 in another plant in that city, 375 at Niagara Falls and over 300 in Hamilton. There is also a plant in Quebec manufacturing these articles, and there are similar plants in other provinces. The luxury tax on flatware, plated knives, forks and spoons applies when these articles are sold to hospitals, but the sales tax is eliminated. In the present circumstances I feel that the removal of this tax on necessary articles, such as knives, forks and spoons, not hollow ware or sterling ware, but on alarm clocks and cheap non-jewel watches, would bring more revenue to the government than the luxury tax does at the present time. There is no doubt that, because of the tax, the sale of these articles across Canada has dropped. Only about twenty per cent of the articles are sold in jewellery stores; over eighty per cent of the articles are sold to railways, hotels, hospitals; they are sold in hardware stores, drygoods stores, and general stores across the country. They are also sold in the five and ten cent stores. There is no doubt that an increased production in the country together with the extra work that the men and women would be doing if the tax were removed would bring in more money to the government, and I do hope that the minister will still change his mind with regard to these necessaries and do away with the tax. It is absolutely necessary that these people continue to work. Their work has dropped off in the last few months. People will not buy the articles. If you buy a knife, fork and spoon and the cost comes to a dollar you have to pay another 25-cent tax. I do not think that is right. On these articles alone the minister should drop the tax.

The CHAIRMAN: I wonder whether the committee would not revert to consideration of the clause under discussion. We have been discussing sales and excise taxes generally. The clause under discussion is No. 4. The principle there is whether or not it is advisable that provincial governments should pay sales and excise tax.

Mr. FRASER: Before we revert to that clause, will the minister say something in answer to my remarks?

Mr. ABBOTT: Yes. Perhaps I might tell my hon. friend that I have given a great deal of consideration to the points which he has raised, and I will give some further consideration to them. As to the falling off in sales, it is a little difficult to arrive at what the real cause may be. It has been my experience, and I have been told by others that for some considerable time before a budget was brought down, where there was a prospect of some change in these commodity taxes, there was a pronounced falling off in sales. I think we shall find that the curve will go up now that it is known there is not to be this change. That undoubtedly has some effect on the purchase of these articles.

I will consider my hon. friend's representations, but I cannot hold out any real hope that I can start a revision of the sales and excise tax structure this year.

Mr. FRASER: On this same point, the minister has mentioned the sales. I have received letters and I have had travellers tell me that they have gone into drygoods stores, hardware stores and general stores, and as soon as they say they want to sell these articles they are told by the owners of the stores that they do not want them because they have a tax on them. They say that they do not want to have anything to do with articles that have a tax on them because it is a nuisance to have to make out so many forms. The retailer does not want to sell an article with a tax on it.

Mr. McMASTER: I presume there was a reason for this resolution. I presume some provincial authority objected.

Mr. MacINNIS: Not necessarily.

Mr. McMASTER: I happened to notice the peculiar language of section 104:

The taxes imposed by parts X, XI, XII, and XIII of this act shall apply to goods imported by—

I emphasize the word "imported." It does not say "purchased."

That seems to be the only section under which the provincial authority can be taxed, because the word "person" as defined by section 2 of the act does not say anything about the crown. If the object is to tax provincial railways or provincial commissions in the purchase of certain articles, on what basis do you tax these provincial boards and commissions other than under section 104?

Mr. ABBOTT: I am advised that the amendment will apply to section 104 as well as to section 105. If my hon. friend waits until he sees the bill he will find that the point he has raised is covered.

Mr. McMASTER: I want to keep the minister straight because I find it very hard to convince him after we get the bill before us.

Mr. ABBOTT: I think my hon. friend will find that it covers the case.

Mr. MACDONNELL (Muskoka-Ontario): I apologize for again appearing as an amateur grammarian, and still more as questioning the minister who is a real lawyer because I am only a reformed lawyer of many years ago. I want to raise this question. Under section 105, subsection 2, I understood the minister to say that he construed that section to mean that a railway board or commission pays a tax.

Mr. ABBOTT: That is correct, yes.

Mr. MACDONNELL (Muskoka-Ontario): May I invite his attention to the wording, because I submit that is not what it says?

Mr. ABBOTT: We have been collecting it in the department for some time.

Mr. MACDONNELL (Muskoka-Ontario): Probably you might like to collect it legally.

Mr. ABBOTT: That is true.

Mr. MACDONNELL (Muskoka-Ontario): May I ask the minister to follow me as I read the section, leaving out the irrelevant parts? It states that a refund of the amount of the tax may be granted to a manufacturer, and so on, and then we go down to the third line, "if the said goods are purchased by His Majesty for any purpose other than the purpose of resale or for the use of any railway commission", and so on. I suggest that the "or" puts the following words "for the use of any railway commission", and so on, in the same position as the other words "for any purpose other than the purpose of resale". That says that they do not pay the tax.

Mr. ABBOTT: The interpretation argument, as I have had occasion to say before, is purely assertive, and I can only say that I do not agree with my hon. friend's interpretation.

Mr. MACDONNELL (Muskoka-Ontario): I am not asking the minister to pronounce upon it now. I am asking him to look at it when they are revising it, because I know one or two people, who, I believe, are *compos mentis,* who agree with me.

Mr. ABBOTT: I have not been over the text of the bills and have not considered these sections very carefully, because the administration does not fall under my department. I make no pretensions to be an expert in the sales tax, though I know something about some of the other taxing statutes. I will take a note of my hon. friend's view as to how this should be interpreted and, when revising sections 104 and 105, will try to make it perfectly clear.

Resolution agreed to.

[Mr. Abbott.]

5. That payment of excise tax be required in respect of any performance, exhibition or contest that includes professional performers, horse races or motion pictures when held, staged or operated by the institutions, boards or other organizations mentioned in subsection 2 of section 122 of the said act.

Mr. ABBOTT: With the permission of the committee I should like to drop this clause, and I will give the reason. The section now provides for the exemption of charitable organizations and for the exercise of discretion by the minister with respect to others. We had proposed to insert an amendment to try to prevent what we felt to be certain abuses of this exemption for charitable purposes, and there is no doubt that there are certain abuses. I do not need to go into the details of them. However, on further consideration of the question my colleague the Minister of National Revenue and I came to the conclusion that, in order to do this, we would have to give such wide discretionary power to the minister that the discretion was one which, in his opinion, he should not have to exercise. It was felt that it might well result in a great deal of unfairness, and under the circumstances we concluded that we would prefer to allow the law to stand as it is and use its provisions as far as possible to check such abuses as continue. We could not devise an amendment which we felt would not in some cases do an injustice to organizations which have been enjoying this exemption and which might not have the advantage of it in the future. Therefore with the permission of the committee, I would ask that the resolution be dropped.

Mr. FAIR: I am glad that the minister has dropped it, because I have had letters from a number of veterans' organizations and others.

Some hon. MEMBERS: Dropped.

Mr. ABBOTT: I have had many representations myself.

Resolution dropped.

Resolutions 6 and 7 agreed to.

EXCESS PROFITS TAX ACT, 1940

Resolved that it is expedient to amend the Excess Profits Tax Act, 1940, and to provide:

1. That a tax shall not be imposed under the said act on profits earned after December 31, 1947.

Mr. KNOWLES: I do not think the clause should carry. I would agree that the present taxation structure with regard to corporations, in its twofold aspect, is not an ideal one at all. There should be a complete overhauling of the whole basis of our taxing of corpora-

tions and it should be put on a graduated scale. We are not going to get anything like that out of the minister this time, and in view of some of the changes that have already been made, raising the level at which excess profits taxation applies, I feel that it is too soon to drop the provisions of the Excess Profits Tax Act. I think the minister should do, with regard to clause 1, what he did with the other clause a few moments ago—ask permission to drop it.

Mr. ABBOTT: I cannot do that. I do not propose to go into the matter now, but I have given reasons why this tax should not be continued. It was never intended to be permanent. It is already dropped in the United States and the United Kingdom, for the reasons I gave the house in the budget. It should be continued until the end of this year. There are differences of opinion as to that.

Mr. HACKETT: I compromise for the first of July.

Mr. ABBOTT: I realize that my hon. friend would like to see it continued, but I am not prepared to take his view.

Mr. JACKMAN: I should like to point out to the minister what does happen by the continuance of this tax, not that I have any hope of having it changed or even the time of its decease altered at this particular stage of the proceedings, but it does affect industry in this country, particularly branch plants of United States industries located here, and now that the excess profits tax is entirely done away with in the United States, while we retain it this year, it may very well mean that we shall be in a much more severe depression than the United States, should hard times come upon us at the end of this year or next year. The reason for my saying that is this. If a United States company has a plant in Canada, as hundreds of United States companies have, making up tremendous United States investment of capital in Canada, we shall find that in regard to the export business the United States plant will do its exporting from the United States side and not from the Canadian. Yet that was the purpose for which the Canadian plant was originally designed, so that the plant in Canada could take advantage of certain markets. But as the tax rates in the two countries now stand, the United States plant doing the export business from its own factory will be allowed to retain all its profits except thirty-eight per cent, which is the maximum tax on profits, or, in other words, sixty-two per cent. Should the United States concern give consideration to manufacturing for export through its Canadian plant, it will be faced with not only a thirty per cent federal corporation tax, but the additional seven per cent provincial tax; and if its business is at all in any volume related to the 1936-39 ancient history volume, it will be subject to a tax of fifty-two per cent altogether, which, as compared with the United States tax of 38 per cent, clearly indicates to any manufacturer where his business will be done. It will be done in the United States plant by United States workmen and United States materials instead of in the Canadian plant by Canadian workmen using Canadian materials, produced by Canadian workmen. It is a bad thing for Canada to have this tax retained, not from the point of view of the corporation itself but from the point of view of our general economy, and should hard times come upon us within the next six or twelve months, this will be one of the reasons why we have those hard times.

Mr. McMASTER: Like all other taxes, this should be kept secret until the day it is announced to the house, because otherwise people will take advantage of the knowledge. Yet here is a tax which it is announced ahead of time will expire at the end of the year and not now. We all remember what happened last year when charges were made throughout Canada and no one was in a position to refute them. The government did not take any means of finding out, or if they did, they did not let us know, that the manufacturers and wholesalers were wilfully holding back production so as to take advantage of the situation. The government are making the same mistake now. I suggest that they should either abolish the tax now or not announce the date on which it will be abolished. We are saying to the manufacturers, "Hold on, and after the first of January there will be no excess profits tax". Human nature is such that they are bound to take advantage of the situation. If the government desire to have manufacturing curtailed, this is a good way of achieving that end, and if they so announce and say that is their intention, I am satisfied.

Mr. ABBOTT: May I say that I think my hon. friend's objection is a bit more apparent than real. I may be wrong, but if nothing had been said about the excess profits tax in this budget I think most concerns would have taken it for granted that it would not apply in 1948. So, while there may be some inventory question involved, I do not think it is too serious.

Mr. HACKETT: I always fear that the minister may accept my suggestions, and

feel guilty afterwards. But here is one I am going to make to him which I hope he will consider very carefully. As I said a few days ago, I think "excess profits tax" is an unhappy name, a misnomer, and conveys the impression of unfairness and exploitation which should not find expression in a sober tax act. I was willing to compromise with the hon. member for Winnipeg North Centre and suggest that the tax be abolished at the end of next month. But if that does not meet with the approval of the government I am going to ask that they take into serious consideration a change in the name and call it a special tax on profits or something like that, rather than excess profits.

Mr. JACKMAN: Excess tax on profits is the proper name.

Mr. HACKETT: I do not know whether it need be "excess tax on profits." It is a special tax on profits. I think the wording "excess profits tax" is an unfortunate one and has implications that one should not labour under.

Mr. ABBOTT: I am inclined to agree with my hon. friend on that point. It is, of course, the difference between "excess" and "excessive". But in the public mind I think excess profits have come to be considered as being excessive profits, when such is not the case. However, with all due respect, I think it is a little late in the day to make any change in the name now. It was called "excess profits tax" in other jurisdictions, and it is a tax which is going to disappear. I think it is perhaps a little late to do anything about it now, even if one should have done it in the first place.

Mr. MacINNIS: I, too, was going to make a suggestion to the minister, but was afraid he would not accept it, if I may judge from past experience. The minister is not inclined to pay much attention to what he hears from this corner of the house. I am afraid he has been listening too attentively to hon. gentlemen on my right since the session began.

Mr. ABBOTT: I have not paid much attention.

Mr. MacINNIS: I deplore the poor opinion of Canadian manufacturers held by the hon. member for High Park. Personally, I do not think they are as bad as he makes out. I think they are more patriotic than he has indicated and would not let Canada down in the way he suggests just for a few measly dollars. I hope that he will not allow that impression to get any farther.

Mr. GRAYDON: The manufacturers have a new champion.

[Mr. Hackett.]

Mr. MacINNIS: Quite so. I am sure the manufacturers will appreciate it. I disagree with the hon. member for Rosedale in his contention that, because taxes are lower in the United States, they will take business from our industrialists, which is to result in a depression. I think everyone agrees that when depression comes it will come in the United States sooner than it will come here, because up to now in the United States there has been less control of profits and less control of business than in Canada. Business is running wild and rushing to a crash. There is no doubt about that. It is expected by everybody, and it is just a question of how soon it will come. It would be hard for Canada to maintain stability if an economic crash occurred in the United States, although we might lighten the effect of such crash. But if the government of Canada wants stability, it must take the most rigorous steps to ration or even out the fruits of industry in this dominion. If too much goes to one section, and if that section cannot make proper use of it, we shall be in difficulty. Those in that section are likely to come to the point where the proper use of such fruits will only be for reinvestment, as far as they are concerned. If they cannot reinvest, and there is no likelihood that they can do so except for a short period of time, we are bound for a crash. What the minister should aim at in his fiscal and tax policy is that the proceeds of industry are spread out as evenly as possible in order to keep industry functioning without booms or depressions.

Resolution agreed to.

2. That no taxpayer shall be entitled to make application for determination of his standard profits on or after August 1, 1947.

Mr. FLEMING: It will be observed that this clause appears to be general in its application, provided that no taxpayer shall be entitled to make application for determination of his standard profits on or after August 1, 1947. In other words, July 31 is to be fixed as the deadline for the making of application for determination of standard profits, regardless of the ground on which the application is based. The committee will have in mind that the statute provides different bases for making such application. There is the case of the taxpayer who belongs to a depressed class of industry or business. There is the case of the taxpayer who himself has suffered by depressed business, even though he does not belong to a depressed class. Then there is the case of the taxpayer who qualifies as a new business for certain purposes, either because he is a new business starting up, or because of a change in capital or because of reclassification. The present resolution, if one is to confine

oneself to its terms, appears to make a blanket application of this new deadline of July 31 to all these cases. So far as the depressed industry or the depressed class is concerned, I do not think anyone will seriously contend that there has not been, or will not have been by July 31, ample time for the making of application in any case where application is warranted. But that does not at all apply to the other class of case where the reference is to companies which qualify as new businesses, either because of capital increase or recent reclassification. I suggest to the minister that the latter class to which I have referred should be excepted from the application of this new deadline of July 31; or, if that will complicate matters unduly or raise administrative problems, the simpler way might be to defer the application of the deadline until December 31 of this year when the imposition of the tax itself comes to an end. I happen to have knowledge of cases where hardship is likely to result if indiscriminate application is made of this deadline so as to make it apply to taxpayers in the class of new business. Real hardship may result because the time is not sufficient, as I am told by those who are dealing with these cases, for many of these people to put their SP-1 applications in proper form, and file them. I have made alternative suggestions to the minister, based upon what I am told are substantial grounds of justice.

Mr. ABBOTT: I have a perfectly open mind on the question of this date. When this matter was being discussed with the deputy minister of taxation he felt some deadline should be fixed within which applications for the fixing of standard profits should be filed. I am informed that there is something in the order of 1,500 applications still waiting to be dealt with by the board of referees, and the department are extremely anxious to know as soon as possible just how much work there is to be handled. Since notice of this resolution was given, we have had some representations that the period was apt to be a bit short. I should like to discuss the matter with the deputy minister of taxation, who is not here at the moment, and I can say to the committee that we will do whatever is felt to be reasonable. Perhaps December 31 might be a bit too far ahead; I do not know.

Mr. GRAYDON: Is there a deputy minister of taxation?

Mr. ABBOTT: Yes; he is still very much there. As I say, personally I think most of the applications could be put in, even if only in temporary form and subject to amendment, by August 1; but if that period is a bit too short we could extend it, and I do not think it would require any amendment of this resolution. I will give that question consideration before putting a date in the bill. Perhaps we might say—I am just thinking out loud—August 1 or September 1, or such later date as may be determined by the Minister of National Revenue.

Mr. JACKMAN: How long will it take to dispose of the 1,500 cases?

Mr. ABBOTT: At the present rate of progress it will take the board about a year to clean up the 1,500 cases which have already been filed.

Mr. FLEMING: May I offer just one or two comments on the minister's statement, for which I thank him. In the first place, I think this idea of leaving some discretion in the determination of the deadline in the hands of the minister is not the best way to handle the situation.

Mr. ABBOTT: I agree.

Mr. FLEMING: I think it is agreed that the public who are to be affected should have knowledge of the date; and unless the date fixed is of general application and wide publicity is given to it I believe many might be misled by any such provision as the minister has suggested. I also took the minister to suggest the possibility of filing a *pro forma* return, as is sometimes done with ordinary income tax returns, just in order to comply with the deadline fixed by the act, with the thought that the details could be supplied later and perhaps the return amended to comply with those details. But I should like to leave with the minister the thought that you cannot file a *pro forma* return, in reference to one of these SP-1 applications, that will be any good at all. It may be that in some cases *pro forma* returns have been accepted, but I should be very much surprised if they would be of any use to the department, or if they are the kind of return that should be encouraged. I urge upon the minister that a much better way is to fix a later deadline of general application, certainly in case of those taxpayers who are applying under the new business section.

Mr. ABBOTT: My information is that there are very few applications still to come in. They were coming in at a very rapid rate up to two or three weeks ago, but relatively few now remain to be filed. From the point of view of administration, and so that the board of referees may know how much work they have to do, it is desirable to fix a deadline somewhere. If August 1 is too soon we should make the date a little farther away; but in the interests of getting the job done

I think we should make that date as early as it is reasonable to ask taxpayers to get their data together and file their applications.

Mr. JACKMAN: I should like to bring to the attention of the minister another class of case which seems to call for an extension of time. I refer to those small limited companies having profits of $15,000 or less in one year, in which case I understand they do not come under the Excess Profits Tax Act. Many of these companies have not had their final returns verified by the Department of National Revenue, and are going along with the thought that their returns are quite satisfactory. Should they find their returns increased to $20,000 or $25,000 instead of $15,000, they might find themselves in the position that they would like to apply for a ruling under the act.

An hon. MEMBER: This is all very interesting.

Mr. JACKMAN: I am glad it is; I am trying to make it so. In that case it is not the fault of the company but of the department, owing to the tremendous amount of work that has to be done. So I would ask the minister to consider that there are cases of this kind which might require an extension of time.

Resolution agreed to.

Some hon. MEMBERS: Six o'clock.

The CHAIRMAN: Shall I call the Income War Tax Act?

Mr. ABBOTT: We will take that up at eight o'clock tonight.

The CHAIRMAN: Then it is agreed that when we resume at eight o'clock tonight the committee will consider the resolutions under the Income War Tax Act.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Resolved, That it is expedient to amend the Income War Tax Act and to provide:

1. That, effective on and after July 1, 1947, payroll deductiones for taxes be reduced to conform with the following schedule of graduated rates of tax:—

On the first $100 of income or any portion thereof, 10 per cent per annum; or $10 upon the income of $100; and 12 per cent upon the amount by which the income exceeds $100 and does not exceed $200; or $22 upon the income of $200; and 14 per cent upon the amount by which the income exceeds $200 and does not exceed $300; or $36 upon the income of $300; and 16 per cent upon the amount by which the income exceeds $300 and does not exceed $400; or $52 upon the income of $400; and 18 per cent upon the amount by which the income exceeds $400 and does not exceed $500; or $70 upon the income of $500; and 20 per cent upon the amount by which the income exceeds $500 and does not exceed $3,500; or $670 upon the income of $3,500; and 22 per cent upon the amount by which the income exceeds $3,500 and does not exceed $5,000; or $1,000 upon the income of $5,000; and 26 per cent upon the amount by which the income exceeds $5,000 and does not exceed $6,500; or $1,390 upon the income of $6,500; and 30 per cent upon the amount by which the income exceeds $6,500 and does not exceed $8,500; or $1,990 upon the income of $8,500; and 35 per cent upon the amount by which the income exceeds $8,500 and does not exceed $11,500; or $3,040 upon the income of $11,500; and 40 per cent upon the amount by which the income exceeds $11,500 and does not exceed $14,000; or $4,040 upon the income of $14,000; and 45 per cent upon the amount by which the income exceeds $14,000 and does not exceed $17,000; or $5,390 upon the income of $17,000; and 50 per cent upon the amount by which the income exceeds $17,000 and does not exceed $25,000; or $9,390 upon the income of $25,000; and 55 per cent upon the amount by which the income exceeds $25,000 and does not exceed $50,000; or $23,140 upon the income of $50,000; and 60 per cent upon the amount by which the income exceeds $50,000 and does not exceed $75,000; or $38,140 upon the income of $75,000; and 65 per cent upon the amount by which the income exceeds $75,000 and does not exceed $100,000; or $54,390 upon the income of $100,000; and 70 per cent upon the amount by which the income exceeds $100,000 and does not exceed $150,000; or $89,390 upon the income of $150,000; and 75 per cent upon the amount by which the income exceeds $150,000 and does not exceed $250,000; or $164,390 upon the income of $250,000; and 80 per cent upon the amount by which the income exceeds $250,000.

Mr. ABBOTT: Mr. Chairman, before we proceed to deal with these income tax resolutions, I wish to make a statement in regard to the special provision of the act which provides for the so-called carry-back of deferred maintenance. A week or so ago I explained to the house that the order in council which established any twelve months' period in the years 1946, 1947 and 1948 selected by the taxpayer as the period during which half of the expenditures on deferred maintenance might be charged back to excess profits taxes paid in previous years, was passed at a time when I was busily engaged in the preparation of the budget and was not attending council as regularly as I might.

Since that time I have given a great deal of study to this matter and the government on my recommendation has reconsidered the order which was passed on April 17 last.

In view of the existing shortages of various kinds of construction materials and of building labourers, we have come to the conclusion that it would be unwise to encourage by such an incentive provision still further concentration of this type of maintenance work in the present year or in the period immediately ahead of us. On the contrary, we think it desirable that scarce materials and labour of this sort should be devoted as far as practicable to residential housing in order to remedy the acute shortage of dwelling accommodation. The committee will recall that one of the two major reasons for inserting this provision in our tax legislation was to encourage the expansion of maintenance work at a time when under-employment rather than over-employment was threatening.

Under all the circumstances, therefore, the government has decided to rescind order in council P.C. 1502 and this decision has been carried out. In lieu thereof, I am proposing to amend section 5 (1) (v) of the Income War Tax Act in such a way as to provide that the period to be determined by the governor in council for the purposes of the subsection shall be a twelve months' period to be named by the governor in council ending not later than December 31, 1950. The bill which will be introduced when the house has dealt with all these resolutions will contain this amendment.

It will be noted that the governor in council will have a certain measure of discretion as to the choice of the period, but he cannot delay his decision indefinitely; under no circumstances can he name a period later than the year 1950. The end of the twelve months' period therefore is bound to come within about five years after the end of the war. This, it seems to us, is the most reasonable solution of what has been a rather difficult problem. It will enable us to avoid aggravating still further the shortage of material and labour that exists at the present time. It will make it possible to postpone the special inducement to expanded maintenance work until some time when conditions are at least "less tight" than at present and perhaps to a time when it may be desirable to have the increased employment which the special provision should encourage. It will, we believe, make it possible for taxpayers to do some advance planning and to defer certain less urgent types of work to be carried out during the twelve months' period to be named at a later day.

Mr. POULIOT: I have a suggestion to offer to get rid of the income tax altogether. Some articles have been published in a Montreal daily explaining the whole thing, and I shall try to summarize it as briefly as possible. The data is from the "Canada Year Book, 1945," because I received the 1946 issue too late to deal with it.

In 1944 the total income for national revenue was $9,200,000,000, earned by 5,000,000 people. One-half of them, or 2,450,000, earned revenue amounting to $4,767,000,000, or approximately one-half of the national revenue. The income tax amounted to $682,000,000, or fourteen per cent of the total yearly income of one-half of the working or earning population. That proportion of the earnings of the people came from the best class of people, namely the middle class and the poor.

To refer again to the "Canada Year Book, 1945," the government states therein that the banks submit regularly true accounts of every banking transaction they handle. According to these statements to the government, the banks during 1944 cashed cheques amounting to $60,000,000,000 and passed over counter currency involving $25,000,000,000. So it appears that banking operations in Canada attained $85,000,000,000 in 1944.

The banks are compelled to make a monthly report to the government. Why then should not the government avail itself of this opportunity to impose on the banks the obligation of deducting a fraction of their transactions, perhaps to the extent of one per cent. Taking as a basis the last statement of the banks, the state could derive from that tax $850,000,000. By the same process, every individual would recover the right to save or spend or invest his money as he wishes, among other things leaving him free to better his own position in life and to contribute more liberally to the social welfare and care of the needy.

Moreover this form of taxation would assess the taxes more equitably on the whole of the population fit to work, without setting a heavier ransom. Each individual would pay according to his means and according to the proportion of his business transactions.

The forms which the income taxpayers must fill out are real Chinese puzzles, and the law itself is so entangled that a great number of people are unable to get through its many riddles without help; while on the other hand the proposed new principle of taxation, to be levied as a duty on banking operations, presents no complications whatever, and is most easy to understand. In fact the main criticism that has been made by the press was that it was too simple to be adopted. If it were more complicated there would be a better chance of having it adopted. But under this new principle of taxation nobody would have to rack his brain any more or

to employ accountants to prepare the yearly report which would be supplied to the state by the banks in the course of their routine business, for they are already compelled to make a daily statement on the cheques they handle, and thus time and worry would be saved to the people.

The monetary system of the country, as we know, is under the exclusive control of the federal government.

The proceeds of the special tax we propose would depend upon the commercial activities of the taxpayers and on the amount of money put in circulation therefrom. It is a logical result that the flow of money should increase in proportion to the commercial activities of the country. From 1935 to 1944, the approximate amount of the national revenue and the total of the rolling funds doubled in 1941 and trebled in 1944 from their levels of 1935.

The figures in connection with the national revenue are calculated only by approximation, but banking statements on fluctuation of credits reflect with much more accuracy the progress of our commercial situation.

These bank reports indicate that our economic progression is rapid and constantly moving forward. These healthy conditions should be a source of increasing revenue for the state without having recourse to an increase in the rate of the tax.

Now let us consider how notoriously inefficient is the collection of the income tax. In order to collect it, the government must stand as the censor of the expenditures made by all the taxpayers, of their family budgets, of their donations to charity and, in addition, it must reckon on the accuracy and the reliability of each individual making a report.

With the system we propose, which is in reality a duty on every cheque passed through a bank, all those hindrances should be non-existent. At the same time, it should yield to the state, as we have already shown, $850 million, if we take as a basis the 1944 report of $85 billion of bank clearings at the rate of one per cent.

Once more we insist on the fact that this indirect tax would be much fairer than income tax, because it would be paid by all, not by only one-half of the people. It would also be more logical, because the tax would be proportionate to the amount of the cheque. For instance, the beneficiary of a cheque would pay $1 on a cheque of $100; $10 on $1,000; $100 on $10,000, and so on. In short, the tax on bank credits would be spread over all the population, and everyone without exception would pay it proportionally to his commercial endeavours.

[Mr. Pouliot.]

If the payment of the income tax were shared by all the ratepayers on this same basis the average cost would amount to six per cent instead of being, as it stands, fourteen per cent on the income of those who have paid their fiscal dues. This is figured on the amount of the income tax paid in 1944 and with reference to the total of the national revenue, only one half of the debtors having paid the income tax.

For the purpose of showing the mechanism of the proposed tax and making its working clear to everybody, we take as an example the case of a merchant who buys from a manufacturer some articles for an amount of $10,000. The manufacturer, creditor of the merchant, cashes the cheque he received in payment; the bank retains $100 on it as tax at the rate of one per cent. To help him sell his goods, the merchant employs clerks, to whom he pays $3,000 as their salary. These clerks, creditors of the merchant, deposit their cheques at the bank and are credited with the amount less the tax, namely $30, which is retained by the bank. Now the sale of the merchandise has yielded $16,000, which represents a profit of $3,000 on the original purchase price and includes the salaries of the clerks. So the merchant deposits $16,000 at the bank, and the bank withholds one per cent, which is $160.

In all these banking operations, the following taxes would have been paid on commercial transactions amounting to $29,000:

By the producer.....	$100
By the clerks	30
By the merchant	160
Tax on the bank credits.....	$290

Following this operation, the capital of the merchant has been increased by $3,000 less $160, making a net profit of $2,840; the tax taking only 5·3 per cent of the merchant's profit. This rate cannot fail to be maintained, with the increasing amount of business, whereas, with the present system of the income tax, the contrary happens.

If the business done by a merchant continues at the same rate every month, as shown here, we have only to multiply by twelve to obtain the total amount of the business done during one year and the total of taxes paid:

By the producer on $120,000.....	$1,200
By the clerks on $36,000.....	360
By the merchant on $192,000.....	1,920
Taxes on bank credits.....	$3,480

According to the actual rate of the income tax, the merchant who realizes an annual profit of $3,000 pays $506 if he is unmarried,

and $278 if he is married with two children. If he makes a monthly profit of $3,000, or twelve times more, he pays $16,450 in the first case, and $15,670 in the second; whereas, if the proposed tax were in force, this merchant would pay only $160 in the first case and, in the second, $1,920.

We want to relieve the salaried men who are paying, at the present time, the greater part of the income tax. The method of taxation we are explaining does not apply exclusively to income, but extends to all banking transactions. Those who carry on the more numerous and more important commercial enterprises should pay proportionally to their financial activities, which is only right.

It is easy to figure that, under the new mode of taxation we are proposing, the tax affecting revenue would be much lower and more equitable than it is at present; because each creditor, or beneficiary of a cheque, would be charged a tax of only one per cent on each payment made to him by a debtor. The fact is that banking debits represent the total amount of negotiated cheques each day at the banks.

As we have already said, if this new method of taxation were adopted, private individuals and corporations, except banks, would not have to produce income tax returns. The banks would take care of that themselves by the simple process of retaining one per cent on every cheque deposited or cashed in future. They would thus become the government's agents for the collection of duties on the banking credits of the depositors. These would know immediately and exactly what they should have to pay. The following table shows a comparison of payments under the income tax and the proposed tax. It is most difficult to read a tabulation to the house and, if it agrees, I will put the table on *Hansard*.

Some hon. MEMBERS: Agreed.

Mr. POULIOT: Thank you. The table is as follows:

Income Tax Rates For 1947

Earnings	Tax Unmarried	Tax Married 2 Children	Rates of Proposed Tax on Cheques
$1,000	$ 42	....	$10
1,200	83	....	12
1,500	150	....	15
2,000	266	$ 52	20
2,500	386	161	25
3,000	506	278	30
4,000	758	518	40
5,000	1,020	770	60
7,500	1,761	1,466	75
10,000	2,645	2,288	100

This proves, without leaving any doubt, that salaried men would be relieved nearly completely.

The paramount importance which the bank account occupies in our economic life is pointed out, each year, in the "Canada Year Book," published under the authority of the Minister of Trade and Commerce. In the latest issue, that of 1945, we find on page 1051 the following statement about the payment of accounts by cheques:

> In every progressive industrial community currency represents only the petty cash of commerce. The greatest part of all commercial exchanges, especially when large deals are involved, is done through the medium of banks. About six per cent only of all financial transactions of the country, it appears, are done by means of currency; the other 94 per cent are negotiated by cheques. Thus, if we are able to ascertain the global sum of all cheques paid by the banks, or charged to the accounts of their clients, we would possess a nearly complete estimate of the volume of business carried out, therefore an accurate knowledge of the commercial activities of the country.

Since 1924, the bankers' association has consented to give out, in a monthly report, the figures on the amount of business passing through the clearing houses in the most important centres of the country.

Based on these statements, the federal office of statistics publishes a monthly and yearly return of these figures comprising all cheques charged by the banks to the account of their clients. Moreover, a report on the credit and debit balances of the banks is made over by the manager of the clearing house to the Bank of Canada, the latter obtaining from every bank, through telephone or telegraph, a confirmation of the accuracy of the report. Then, the Bank of Canada enters daily this balance sheet on the account of each bank on the debit or credit side, whatever may be the case. This is how nearly all banking transactions of the country are compiled daily at Ottawa.

It is easy to see that the federal government has already in hand the necessary organism to collect the proposed tax on banking credits. If parliament should see its way to replace the income tax by this new tax, the simplicity and flexibility of which are striking, it could authorize the government to fix its rate which should never exceed the maximum established by law. By its adoption, the government would get rid of its present obligation of auditing the accounts of each taxpayer. What a relief that would be for them.

Another point in favour of the proposed tax is that it would put an end to numerous anomalies which are contrary to common sense

and fairness. For instance, a large number of people who make big profits by the sale or the exchange of real estate property, by the promotion of companies, by the sale of corporation shares, et cetera, do not pay any taxes on these commercial operations. Under the new plan, that kind of business activity would be automatically taxed by one per cent. Speculation on the fall of stock and any business negotiated at a loss should also be taxed.

Now we come to the fact that ninety-four per cent of all commercial deals are made by cheques, and six per cent only by currency. So the practice which is already in current use could be rendered compulsory by law. Everyone would be ordered to deposit into chartered banks all the currency he possesses. This rule would be made effective by replacing all bank notes in circulation by a new issue completely different from the one actually in use. This new currency would become the only legal one in Canada. New issues of currency, at regular intervals, would force every ratepayer to apply periodically at the banks to exchange their currency for the new one. Without a special permit the banks would not be allowed to grant more currency than $100 at one time to any one person. Every person who would possess more money than authorized by regulations would be under the obligation to account for it, the over-plus being subject to confiscation.

In order to facilitate their clients in carrying on their daily business, the banks would deliver to them, on demand, a book of certified cheques of small denominations, that is, $1, $5, $10 and $20, similar to travellers cheques. These cheques would bear the signature of the bank and that of the client and would be perforated so that the value could not be altered. Whenever the customer wished to use them he would countersign them, enter the amount and the name of the beneficiary. On presentation of the cheque by the beneficiary the bank would deduct one per cent for the tax. If the beneficiary transferred the cheque to a third party the latter would have to endorse it, and then the bank would deduct two per cent instead of one and so on increasingly at one per cent each time for each additional endorser.

We hear very often that it is the rich man who pays the income tax. It is easy to prove this assertion as false and contrary to the existing facts. The statistics show that on 2,450,000 individuals who paid income tax in 1944, the latest year for which we have official figures, 2,270,000 taxpayers whose taxable income amounted to less than $2,000 contributed to the tax. So we cannot do otherwise than come to the conclusion that this tax hits the bulk of the population, by striking at the middle class and the poor.

Here is a list of those with earnings of less than $3,000 a year. A summary outlined in regard to the 2,270,000 persons who earned less than $3,000 and were taxed reads as follows; in 1944, 385,000; in 1945, 425,300 earning less than $1,000; in 1944, 1,290,000, and in 1945, 1,250,000 earning from $1,000 to $2,000; in 1944, 695,00 and in 1945, 478,200 earning from $2,000 to $3,000. In order to complete the table we must add that 80,000 individuals having an income from $3,000 to $4,000 and 35,000 with an income of from $4,000 to $5,000 paid the tax. Throughout the country, of a total of 2,450,000 persons who paid income tax there were only 65,000 with a taxable income of over $5,000. These were the figures for 1944.

In 1945 there were 144,000, instead of 115,000 in 1944, with earnings of from $3,000 to $5,000 who paid the tax. In 1945 there was a surplus of 500 earning over $5,000 who paid the tax. Consequently we are convinced that in suggesting to suppress the income tax we are defending the cause of the middle class as well as that of the poor.

We have heard friends confiding that they were unable to give to a sick wife or sick children the medical care they should have received precisely on account of their lack of money, a relatively considerable part of their earnings being withheld by their employer for the income tax. It is no secret that numerous heads of families are compelled to withdraw from schools their most promising children because, after having discharged their income tax dues, they are unable to save anything. So, when at the age of sixteen the child loses his right to family allowances the father is not left with enough money to keep him in school.

The thriftiness of the Canadian population is to be greatly admired, and it is deplorable that it has become nearly impossible for a man who is the father of a large family, and also for the unmarried man who has dependents, to provide for their old age. Especially since the last war, this fact is more obvious on account of the high rate of taxation. How many of our fellow citizens do we see working late at night so as to be able to pay their insurance premiums? More often than not, they must work on the sly, because the income tax act does not always allow them to keep for themselves any compensation for overtime work.

The income tax is a source of restlessness and worry for those who, despite the hardships they have to suffer, find it a difficult matter to make both ends meet. That form of

taxation even perverts our population by inciting to heedlessness and laziness. We hear people saying, "What good is there to work harder if we get in return no benefit whatever from our overtime work?"

The income tax is also an indirect cause of labour strikes because, if the taxpayer were not deprived of that part of his pay, he would otherwise be nearly always satisfied by getting a fuller amount of his earnings.

During the war, when parliament was voting blindly billions over billions of dollars, we could not help thinking of the results on our economic system in the years to come.

We had many occasions to discuss the matter with that great Canadian, the lamented Mr. Cardin, for whom we had a profound esteem; and while we were exchanging together our views, which were rather gloomy, on our future, we could listen to the claim of a certain class of optimists insisting that we were amidst a period of transition, and that everything would be rosy and pink-coloured after the war. The war is over, and not even a tinge of pink is yet visible on the farthest distant horizon.

Well, after having heard the sighs of despondency, the demands, the complaints, soaring up from all classes of society, we have consulted leading businessmen and bankers; and we have tried to find the best means to lessen the burden which weighs on the people.

If this plan of a tax of one per cent on all cheques were adopted, the 385,000 taxpayers whose income is less than $1,000 would pay only $5,290,000 instead of $19,700,000 in taxes; the 1,290,000 having an income of from $1,000 to $2,000 would pay $19,620,000 instead of $146 million; and the 695,000 in the $2,000 to $3,000 bracket, $14,040,000 instead of $158,400,000.

No error is possible. The rate could be no more than one per cent of the total of banking credits amounting approximately to $85 billion. It would bring $850 million to the public treasury. Every individual would pay according to the number and the importance of his commercial dealings, and nobody would have to submit any form of declaration.

This tax would not in any way affect deposits at present in the banks, but would be applied in the future on cheques negotiated through the banks. Mathematically, it would apply on all the commercial activities of the country: profits on capital, exchange, rolling capital, profits, salary; contrary to the present tax which affects only new capital and earnings.

We have submitted only the broad lines of our proposal. It was impossible to do otherwise in the restricted frame of this sketch, but a careful study, with a view to ironing out possible objections relating to particular conditions, could easily render this proposed tax the most efficacious and reasonable, and certainly the most equitable of our fiscal measures.

I thank you, sir, and my colleagues as well for having paid so much attention while I was explaining the plan in as concise a manner as possible. People are under the impression that it is only the rich who pay income tax, but it is not so, and one effect of such taxation is not to take from a man what he can pay but to get from him all that can possibly come out of his pocket. Of course it is hard. It is pretty difficult. I will not insist on what happened during the war, when I was one of those who opposed reckless expenditures, but now we must consider the present as it is, and it is the duty of every member of parliament to offer suggestions.

I do not suggest that I am infallible; I do not contend that this proposal is a perfect cure. It is, however, a suggestion. What it is worth I cannot say, but I have offered the proposal in complete earnestness in a desire to relieve the people of the burden that weighs so heavily upon their shoulders, and I hope the minister will consider it in due course. I do not expect that it will be done this year. It may take years to do it; but the later it is done, the worse. Something should be done right away.

Everyone must use his own imagination in making suggestions. Are we to stay in the mud of the ditch without thinking of bringing the car on to the road of prosperity? I hope that what is proposed will come in due course. I thank the committee again.

Mr. FLEMING: Under the heading "Income War Tax Act", the minister has submitted a total of thirteen resolutions, not a large number as compared with other years, but it does raise at once the question which has faced this house in each of the sessions of the present parliament. When are we to get on with the task of revising the entire act?

The house listened with interest to what the minister had to say on this subject in his budget speech, and he concluded the two paragraphs containing what he had to say on the subject with these words, at page 2558 of *Hansard:*

> . . . the complete overhauling of our tax legislation, which the government regards as one of its major, immediate post-war objectives.

One of its major immediate post-war objectives; and the overhauling to which the minister referred apparently had reference to all the three taxing acts which have been the subject of resolutions considered in this committee of ways and means.

Two years have now passed since V-E day and the government is still talking about immediate post-war objectives. The house will be glad to know that at last the revision of our tax structure has become an immediate objective of the government. At the same time the house will be pardoned if it entertains a little scepticism on this subject, in view of the fact that these words have a familiar ring about them, if we recall what has been said by the then minister of finance in each of the two previous sessions of parliament.

In the first session in 1945, the then minister of finance admitted the imperative necessity for the complete revision of our tax structure, speaking with particular reference to the Income War Tax Act. He admitted many of the delays and abuses that have grown up in a tax structure which belongs to earlier years, which is fast becoming obsolete, and which is in need of revision from both the legislative and the administrative points of view. But nothing happened at that session. The then minister explained that, while he admitted the necessity for a complete overhaul of the tax structure, he was too busy to undertake it in time to bring down legislation at that session. So the house looked forward hopefully to some remedial measures at the 1946 session. But what awaited the house? Again it was the same thing. The minister of finance of that time again admitted the necessity for the revision of the act but pleaded that he had not had time to do it; and he was under criticism, certainly from this quarter of the house, because of his failure to address himself to a task which is of first importance and first urgency. So the house was invited then to wait for another year in the expectation that the overhaul of the tax structure would be announced at this 1947 session. We are now told that we are not to have any overhaul of the tax structure at the present session but that we are to wait for another year.

Mr. ABBOTT: No. I said that we would introduce the bill this session.

Mr. FLEMING: Yes, but the minister went on to say that there would be no thought of pressing the bill at this session; it would be introduced so that members could have some opportunity to examine it.

Mr. ABBOTT: No. I said that the house would probably not want to put it through, but that would be up to the house.

Mr. FLEMING: Very well. Let us look at exactly what the minister said.

Mr. ABBOTT: My hon. friend will find that is a large order.

Mr. FLEMING: I would be the last member in the house who would wish to do the Minister of Finance any injustice. I do not blame him for all the delays which have occurred because, after all, he has been in office for only the last five and a half months.

Mr. ABBOTT: Do not blame my predecessor either.

Mr. FLEMING: Well, I am blaming the government for not addressing itself to this task.

Mr. ABBOTT: If my hon. friend had as much experience as I have had in drafting legislation and tax laws, he would realize it is not any simple matter.

Some hon. MEMBERS: Order.

Mr. FLEMING: I am sure the committee has noted with interest the liberties taken by hon. members on the treasury benches in getting up and making speeches in the middle of speeches being made by other members of the house. They do not even wait to ask the member who is speaking for the usual permission to put a question. They just take liberties, get up and interject, and interpolate speeches in the middle of other members' remarks. All I have to say on that score is that if the Minister of Finance wishes to make a speech, there is a proper occasion for it. I suggest that if we want to get on with the business of the house expeditiously it would perhaps be best for all members to observe the rules of the house.

I was saying, Mr. Chairman, that I am not undertaking to put all the blame for this delay on the shoulders of the present Minister of Finance; but I am saying that this government has to take full responsibility for delaying a task which should have been given a place of first importance in any programme that this government claims to have for bringing our tax structure up to date and doing something constructive to remedy the situations which have arisen, the need of remedy for which has been admitted by the government in at least the last two sessions of parliament.

What the present Minister of Finance had to say on this was that he had been giving as much time to this subject as he could give to it. This will be found at page 2557 of *Hansard*. He says:

> 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.

Then he goes on to say that he thinks hon. members will be pleased to see that there is much less ministerial discretion. Again, the house will be pleased indeed, I am sure, if this document when it is submitted to our gaze does contain some restriction upon ministerial discretion which, as you will recall, under the present Income War Tax Act and Excess Profits Tax Act, can only be described as having been extended to most extravagant limits. The minister went on to say that officials of his department had been engaged on a detailed revision and that he has taken a considerable personal interest in their work in this field. Then there are these words, and I take it they are the ones to which the minister referred in his interjection a few minutes ago:

I hope to be able later in the session to introduce a bill embodying this general revision of income tax law with the intention of making it effective with respect to incomes of 1948. In all probability it will not be expedient or reasonable to ask the house to enact this new bill in the current session, but I believe it would be useful to bring it in this session in order to give members full opportunity to study it and mull it over, so that the country may get the full benefit of their consideration of all its details. We do not consider that this measure, when enacted as law, will constitute the final word, but we believe it will provide a framework within which further improvements can be made over the course of future years.

I should like now to say this in commendation of the minister. The house is glad to hear that some progress has been made with regard to this important subject. The house will be glad to see this bill when it comes in. The house regrets and deprecates the long delay in the introduction of this measure in the house, for which delay the government must assume full responsibility. In the meantime, for another long year, the people of this country must put up with the sort of thing which they have been putting up with for altogether too long, the sort of thing which has been the subject matter of proper complaints on their part. We are still complaining. The taxpayers are still complaining about delays in the making of assessments. With more men available to the Department of National Revenue with which to staff those branches where the staff was inadequate, surely it was fair and reasonable for this house to hope that by this time—nearly the middle of 1947—substantial progress would have been made with this great backlog in the work of the department in the matter of assessments. But these assessments are still going on. The backlog is still, in some cases, years and years behind. As long as there are these long delays in the making of assessments, taxpayers—whether individuals or corporations—will be labouring under handicaps because of the uncertainty that hangs over their heads as long as their returns are not yet the subject of assessment, and which may be the occasion of their being called upon subsequently—perhaps three or four years or more subsequent to the date of the making of the return or the earning of the income upon which the assessment is made—to pay substantial sums of money arising perhaps through error or for other reasons. As long as that situation exists, I submit that the house must apply the goad to this government to get on with the task, to see that this great backlog of assessment work is caught up with, and to see that the taxpayers are told promptly and within a reasonable time what their tax liability is in terms of the department's computation of their assessments.

In the next place, we must apparently for another year labour under the unsatisfactory situation arising from the existence of these vast ministerial discretionary powers. I hope the minister is not going to claim that the amendments which were made in the Income War Tax Act at the 1946 session had the effect of reducing ministerial discretions; because the house, I hope, has not forgotten that there was an actual increase in the number of ministerial discretions as a result of the amendments made to this act at that session. I hope the minister is not going to claim that any contribution has been made toward the reduction of these vast discretionary powers as a result of that legislation of the 1946 session which looked toward the establishment of the income tax appeal board and the income tax advisory board. The house has not received from the Minister of Finance any report whatever on the progress, if any has been made, in connection with appointments to these boards, or the steps, if any, taken by those boards to launch themselves on their work. Perhaps the minister has a good reason for not having made that reoprt during the course of his remarks on the budget. Personally I should have thought that was the proper place for a comprehensive report on this subject.

I am sure the house has not forgotten that the establishment of the income tax appeal board originated with a very useful senate committee, which did admirable work. Unfortunately all its recommendations in this respect were not given effect by this government, but at any rate in the 1946 amendments to this act provision was made for the establishment of an income tax appeal board. I am sure the house would appreciate receiving from the Minister of Finance or the Minister of National Revenue a report on

the progress made in the establishment of that board and in launching it on its work.

Then also, Mr. Chairman, I think the house would appreciate a report as to the progress, if any, made in the direction of the establishment and launching on its work of the income tax advisory board. It will be remembered that this was to be a board of reference from the minister in cases of the exercise of ministerial discretion, where the minister chose to invite the board to give an advisory opinion in respect of the exercise of that discretion. I am not going to delay the committee by going over the subjects that we discussed in the debate on that matter; I simply say at this stage that the house is entitled to a report on what steps, if any, the government has taken in the direction of the establishment of this board. I am, however, going to hark back to one incident in that debate. It had to do with the time when this advisory board would be launched on its work. The committee will remember that the jurisdiction of this board is confined to assessments for 1946 and subsequent years. I for one invited the minister last year to move that period back, because of the backlog and because there would be work for the board to do if the minister would move back the effective date of the first assessment in connection with which the board would have jurisdiction. Then the board might have started to work right away. If I correctly recall the minister's remarks, he hoped to have the board established early this year and at work by the middle of this year. He pictured to us a situation which I do not think exists, and which, I am sure, those who have had experience with the various local income tax offices of the Department of National Revenue find does not exist; that is, that the backlog would be reduced, and this advisory board would begin work at an early day. At that time I suggested to the minister that if conditions continued as they were then and as they had existed for some time, this board would not go to work before about 1949. I estimated that the present backlog had been running about three years in arrears, so it could hardly be expected that the board would have any work to do before 1949. The backlog still continues; and I think the committee would be interested to know when this board is going to go to work.

As far as the revision of the act is concerned, I renew to the minister a suggestion I made last year. It was not a novel suggestion then; I am sure it has been made often in this house, and it was repeated last night by the hon. member for Grey North in an eloquent and forceful manner. I refer to the title of the act. Surely, if the time has come—and I put this position before the committee because I am quite sure hon. members will appreciate the reasonableness of it—when the fiction attached to the title of the Special War Revenue Act should be removed, equally the time must have come to remove the fiction from the title of this act.

Mr. ABBOTT: It has come. We are taking "war" out of this act, too.

Mr. FLEMING: I am sure that announcement will be received by the committee with the utmost satisfaction.

In conclusion, I should like to invite the minister, if he will be so good, to make a statement on the matter of deductions. The first resolution before us, while it establishes the new scale of taxes, does so by way of fixing the scale of deductions. When deductions at the source with respect to salaries and wages were first decided upon, the house will recall that ninety per cent was the percentage of deduction, on the theory that ten per cent was the percentage allowed to any person in respect to charitable donations, so it was felt that would be a reasonable amount. The idea of deductions at the source was sound, since it enabled people to pay as they went along, and to avoid being faced at some later day with an accrued liability of substantial proportions which they might find it difficult to pay. That idea was sound. In a later amendment, I think three years ago, the percentage of deduction was increased to ninety-five per cent. The reason given at the time, if I remember correctly, was that ninety-five per cent was thought to be closer to the amount of actual liability, according to the experience of the department in connection with the returns filed in the following spring of each year.

In view of the time that has elapsed since then, I think the house should be given a report by the minister on the way in which the present percentage of deduction is working out with reference to tax liability; because, with what I think is a trend toward increased charitable givings, it may be—I can only conjecture this in the absence of any report of an official nature—that perhaps ninety per cent is as close to the actual amount as ninety-five per cent. In any event, if there is very little to choose I submit that the taxpayer should be entitled to the benefit of the doubt, when the margin is so narrow. I say that particularly because of the delay in repayment to taxpayers from whom more has been deducted than is required to meet their tax liability. As long as we are to have a backlog of work in the department which delays the payment of

refunds for a year, two years or three years, then I say it is not fair to require the deduction of more than is reasonably necessary to meet the tax liability.

Mr. ABBOTT: Perhaps I had better answer the two or three points raised by my hon. friend, and I should deal first with the question of the preparation of the new act. I am not prepared to concede that there has been any undue delay in the preparation of that revised act. It has been really a tremendous task; I do not think that word is too strong to use. Officials of the Department of National Revenue, the Department of Justice and the Department of Finance have been working long hours during the last seven or eight months to prepare this revised text; and I am satisfied that even after it is brought into the house and has had the consideration of hon. members, when it becomes available for consideration by such groups as the association of chartered accountants and others who are specialists in this field, other desirable changes will be suggested. As I say, it is an important matter; but in the order of priority I think there are other matters which have been engaging the attention of the officials I referred to and of my predecessor during the last year or two, and which are of higher priority. For that reason I am not prepared to concede that there has been any undue delay; nor am I prepared to concede that our present income tax law is anything nearly as defective as some people would make it out to be. It is not perfect, certainly, but over the course of years I have had a good deal of experience in the practical application of that law, and I make the assertion with confidence that it is not nearly as imperfect, not nearly as obscure as some people would pretend it to be. Anyone who is familiar with the income tax laws of other jurisdictions, and particularly that of the United States, will find that our law has a good deal to commend it, even in its present form.

However, it is my intention to bring in this bill within the next couple of weeks, if possible, or probably in three weeks, and at that time the house will have an opportunity to consider it. As I said in my budget speech, I think they will find that it will be desirable to discuss it here for a time, and then to hold it over, and take it up early in the next session. But that is a matter which will rest with the house.

Then, as to the matter of the appeal board and the advisory board; in view of the fact that I think it will be possible to eliminate a very large number of these discretionary powers it may not be necessary to set up an advisory board as such. We shall be able to do away with that. We shall need the appeal board which, in effect, is a type of court, and will be between the minister and the exchequer court. That we propose to set up, and I hope it will be possible to set it up within the next few months.

The last point mentioned by the hon. member had reference to deductions. The basis followed now is that of a ninety-five per cent deduction. The experience we have had so far is perhaps not sufficient to enable us to form a final opinion. There have been a substantial number of refunds on the ninety-five per cent deduction. On the other hand, the objection to underdeduction and having to pay later, is equally strong, where the majority of wage and salary earners believe that their full income tax has been paid, by deduction at the source.

However I am glad to have the point raised, and I can assure the hon. member we are looking into it closely. If it is found that the ninety-five per cent deduction results in an excessive number of refund payments, then I agree it should be lowered to ninety per cent.

Mr. FLEMING: Do I understand that two bills will be introduced, one of which will deal with the amendments in the thirteen resolutions and, when that is disposed of, an entirely different bill is to be introduced which will contain the new act?

Mr. ABBOTT: That is correct. I propose to introduce a bill which will simply contain the amendments necessitated by the budget proposals, to which these resolutions refer. Then, in addition, I shall introduce a complete new income tax bill, which will cover the whole field, and which will contain a number of provisions that are completely new, so far as the existing act is concerned. Some of those changes will involve important questions of policy which the house will have an opportunity to debate, and which, I hope, will be carefully studied by people throughout the country, including chartered accountants and lawyers who are specialists in these matters, and also by taxpayers generally. I should hope that when we get into committee on the bill we might be able to hammer out a bill, as I said in my budget speech, in connection with the income tax law.

Mr. ROSS (St. Paul's): I listened with great interest to what was said by the hon. member for Eglinton. Among other things he mentioned assessments. First, I should like to make an appeal to the Minister of National Revenue. I know something about conditions which pertain in the income tax office in Toronto. They are very much crowded at

that point, and the conditions under which they have to work are bad for their health and for the efficiency of the office. I make the plea to the Minister of National Revenue that he do something about this condition, with a view to getting better quarters for them to work in, if it is possible to do so. I am sure the minister knows about the crowded conditions in the Toronto office, and I should like to see something done about it, so as to improve conditions at that point. I have no doubt that probably the staff could be cut down and a more efficient job would be done if the working conditions were improved.

I now wish to make a plea on behalf of married women who are working. The point is that a married woman is today allowed to earn only $250, without having an additional deduction made. In these days when drives are being made for nurses and schoolteachers, and for women to work in laundries, I think some change should be made in this law. These are places where, as a rule, single women do not work. There are many places where married women can work to advantage, and be most useful.

I said something about this in my speech on the budget. The plea I make is for the married women to be permitted to make a little more money, without having her husband penalized. At the present time all she can work is about 400 or 500 hours a year. As the children get older, the mothers can go out and do useful work; and want to. The children do not require so much attention, but they require more food, and more money is required to defray the expenses in connection with them—clothes and a few chocolate bars, and pop.

Is it not fair not to allow these married women to make a little more money so that they can help out their husbands, especially in view of the high cost of living prevailing today? The children need better food and better diet and, as I have said, these things must be obtained, despite the higher prices which prevail.

Why penalize a married woman who is in a position to work today? At this time $250 is only pin-money; it does not amount to a row of pins to the government. Why penalize them? If a woman earns $750, why place the man's income in a higher bracket? But that is exactly what happens. A man with a taxable income of $2,750 pays $218 this year and will pay $180 next year. If the wife works full time and earns $750, the net return is only $637. I cannot see any point in penalizing a woman who works like that with her hands. Hospitals are crying out for nurses, but married women are leaving the hospitals today because it is not worth their while to work in them.

Then, there are many women with nursing training who are married to doctors and others with fairly good incomes, but the fact that the wife is working, places the doctor in a 30, 40 or 50 per cent bracket. It is not worth while for the nurse to work under those conditions, and I should like to see something done about the matter. I make a plea to the government to raise the amount which married woman may be permitted to make, so that we may have their services. They would not be taking the place of other persons, or putting them out of employment. They would be going to places where others would not be going; and we need them more than we ever did. I plead with the government to do something about this.

Mr. FRASER: Mr. Chairman—

Mr. ROSS (St. Paul's): Let him answer.

Mr. ABBOTT: I was going to say a word. There has been a good deal of talk about this penalizing of married women, so far as the income tax schedules are concerned. But people overlook the fact that the exemption to married women is given on the assumption that the man is supporting his wife. If he is not supporting his wife, then the exemption should be either eliminated or curtailed, depending upon the circumstances.

In no other country in the world that I know of is the full married exemption given to a married man whose wife is also earning. In the United States they have the option of joining their incomes, and taking the full marriage exemption, which, of course, would be far less favourable than the provision we have in Canada.

Mr. JACKMAN: And dividing by two.

Mr. ABBOTT: No, not "dividing by two" —paying the tax on the joint income. They can divide the income and take single exemptions. And practically the same rule applies in Great Britain.

Our rule with respect to exemptions for married women is more favourable than that of any other country I have been able to find. Therefore I think the criticism of the treatment of married women, so far as the income tax law of Canada is concerned, is unjustified. And the combined effect of the reduction last year and this year means that the actual increased tax paid, with the wife earning in addition to her husband, who is in receipt of income, is extremely small.

I do not want to clog up the record, or to take time to read these tables, but I have

had tables prepared which show the actual increase in the income of a married couple as a result of the wife's earnings taking account of the effect on the husband's tax, in the various brackets, where husbands and wives are both in receipt of income. These tables show the situation under the new tax deductions coming into effect on July 1 and also the situation for the whole of 1947, and if the committee gives me consent I shall be glad to place these tables on record because I think they will be of interest.

The DEPUTY CHAIRMAN: Does the committee give unanimous consent?

Some hon. MEMBERS: Agreed.

Mr. ABBOTT: The tables are as follows:

Table I

Increase in weekly income of married couple due to wife's earnings after July 1, 1947, taking account of wife's tax deductions and effect on husband's tax deductions.

	Earnings of Husband					
Wife's Earnings	1200 23.07	1500 28.85	1800 34.62	2000 38.46	2400 46.15	3000 57.69
$	$	$	$	$	$	$
4.81	4.81	4.81	4.81	4.81	4.81	4.81
10.00	10.00	9.25	8.85	8.75	8.70	8.70
12.00	11.70	10.95	10.50	10.35	10.35	10.35
13.00	12.70	11.95	11.50	11.35	11.35	11.35
14.00	13.50	12.60	12.10	12.00	12.00	12.00
15.00	13.85	12.80	12.35	12.20	12.20	12.20
16.00	14.75	13.70	13.25	13.10	13.10	13.10
17.00	15.65	14.60	14.15	14.00	14.00	14.00
18.00	16.55	15.50	15.05	14.90	14.90	14.90
19.00	17.40	16.35	15.90	15.75	15.75	15.75
20.00	18.25	17.20	16.75	16.60	16.60	16.60
25.00	22.45	21.40	20.95	20.80	20.80	20.80
30.00	26.50	25.45	25.00	24.85	24.85	24.85
35.00	30.55	29.50	29.05	28.90	28.90	28.90

Table II

Increase in annual income of married couple due to wife's earnings in 1947 taking account of wife's tax and effect on husband's tax.

	Annual Earnings of Husband					
Wife's Earnings	1200	1500	1800	2000	2400	3000
$	$	$	$	$	$	$
250	250	250	250	250	250	250
520	520	474	462	459	457	455
624	612	557	543	540	536	534
676	656	598	583	580	575	574
728	699	639	623	620	615	613
*780	717	656	641	638	632	630
832	736	669	652	646	640	639
884	779	712	696	690	684	682
936	822	755	739	733	727	725
988	865	798	782	776	770	768
1040	907	840	824	818	812	810
1300	1112	1045	1028	1022	1016	1015
1560	1314	1247	1230	1224	1218	1217
1820	1514	1447	1430	1424	1418	1417

*If at the end of the year a wife has earned this amount she could give $30 to the government and thereby prevent her husband's exemption going down from $1000 to $750 and also reduce her own tax from $4.80 a year to nil. This line has been worked on this basis.

Mr. ROSS (St. Paul's): I should like to follow this up. A good deal of what the minister says is true, but the fact remains that we need nurses badly and schoolteachers and textile workers and we cannot get them to work. I am sure that the amount of money which would be lost by raising the exemption for women to $750 or more would not amount to anything. The minister talks about $250 being sufficient for the wife to earn for herself.

Mr. ABBOTT: I did not say that.

Mr. ROSS (St. Paul's): I understood the minister to say that that was sufficient.

Mr. ABBOTT: We allow her to earn that much without interfering with her husband's exemption.

Mr. ROSS (St. Paul's): You cannot possibly keep a wife nor can she keep herself on $250.

Mr. ABBOTT: Nobody ever suggested that.

Mr. ROSS (St. Paul's): Nor on $750 either. The proof of the pudding is in the eating, and you are not getting these people to work. Nurses are leaving the hospitals—and I know what I am talking about—because it is not worth their while to continue working. This is just an arbitrary ruling and something should be done about it. The revenue you would lose by raising the exemption does not amount to a hill of beans.

Mr. ABBOTT: I have only one word to add. We did not do so before the war and, so far as I am concerned, I can see no justification for granting special income tax exemptions to special groups in order to persuade them to work.

Mr. McCANN: Just a word with reference to the office space situation in Toronto. The observations of the hon. member for St. Paul's with reference to that situation are reasonably accurate. Conditions are obvious to anybody who has visited the office in Toronto. It has been impossible to secure the required space. In addition, we have been short-staffed throughout the years and the volume of the work has greatly increased. However I am very glad to say that within the last two weeks we have leased an extra 47,000 square feet in the Tip Top Tailors building, which will be ready within the next three months, and that will meet our requirements in that city for the time being.

Mr. FRASER: The item we are on is payroll deductions, and I want to mention something in that regard. If I read this letter

from the county clerk of Peterborough it will explain the situation better than I could. She says:

I find it almost an impossibility to comply with regulations pertaining to remitting income tax deductions on T.D.2 (employers) as at present demanded.

Most of our deductions come from the payroll from work on roads. We have a two payroll system here from the 1st to the 15th in the month, and from the 16th to the 31st. I find that the wages up to the 31st must come in here on pay sheets from foremen in outlying districts, to be checked here, paid and deducted, and the remittance has to be in Belleville before the 7th of the following month. If this is not done a fine is handed out.

When the snow conditions were bad this was was absolutely an impossibility, as the reports of wages from the foremen simply did not arrive in by the 7th of the month, due to mail service. Because this was not possible I had a letter from Belleville stating if it happened again I would be subject to a fine. One of our local clerks actually did have to pay a fine.

She is referring to a clerk of one of the townships. She goes on to say:

This time should be extended to the 15th of the following month instead of the 7th.

At times it is an impossibility for me to conform to these regulations, and I speak for our local clerks as well. If all our employees were on salaries we would have no worries. However, they are not and we must have time for wage reports to come in and be checked in the office before deductions are made.

Would it not be possible for the minister to have the regulations changed so that these returns can be sent in by the 15th of the month instead of the 7th? In this past winter, the snow has absolutely tied up all kinds of traffic, with the mail often being two or three weeks late. I do hope that the minister will do something about the matter.

Mr. McCANN: I shall be very glad to look into it. I recognized that there is some cause for complaint in that district and in like districts with reference to sending in these returns.

Mr. FRASER: That is perfectly true. I understand from the county clerk that this also was the condition in many townships, and no doubt the same is true of counties throughout the whole of Canada.

Mr. McKAY: With reference to payroll deductions for income tax, has the minister or the government given any consideration to allowing a five per cent discount for wage-earners who have had the greater part of their income tax deducted from their pay by the end of the calendar year? The government has the use of this money for at least four months and the greater part of it for ten months, and at present no interest is allowed to the wage-earners for the use of it. Businessmen and most professional men pay their income tax on the 30th day of April of the following year, so that they have the use of the money for four months after the close of the taxation year and no additional charge by way of interest is made against them for having had the use of this money for a period of at least four months. The wage-earner, who can often ill afford to pay income tax at all, is therefore penalized for being prompt in his income tax payments through compulsory deductions, which begin with the first month of the taxation year. The government has the use of this money for many months, and so I think that when the wage-earner makes his final return in April he should be allowed to deduct at least five per cent from the income tax payable on that date.

Mr. ABBOTT: My hon. friend has referred to professional men, doctors, lawyers and the like. They have to make quarterly payments, in March, June, September and December, so that by the end of the year they have paid or should have paid their income tax in full. There is a provision in the act that, if they have underestimated, they have to pay interest on the amount of the underestimate. I do not think there is any substantial inequality of treatment between the wage-earner and the taxpayer who is required by the act to pay by quarterly instalments. It is not quite accurate to say that the government has had the use of the money during that period. The circumstance is simply this. The taxpayer is paying the proper proportion of the tax as he goes along. It is a strict pay-as-you-go policy, and the country gets the needed revenue from the earnings as they are paid out.

Mr. JACKMAN: There is one obvious and unfair working of the income tax regulations which I should like to suggest to the government might be remedied in the present budget. This suggestion should, I think, meet with the support of all hon. members, and I believe it would apply personally to at least ninety-nine per cent of them. I refer in particular to the various sections of the act which allow an individual who comes under a retirement or pension plan set up by a company to deduct from his gross income before assessment the amount which he contributes under the plan.

Tomorrow we hope we may be on the old age pensions bill. We have seen that, even with the comparatively low income tax which we have had during the last thirty years or so, with the exception of the war years, the people of Canada to a substantial percentage

have been unable to provide for their own old age, and that is why we have to give serious consideration to making some grants to ease their existence. Therefore, if our people, or a substantial number of them, have had difficulty in providing a competence for their old age under no personal income tax or a comparatively low rate we may imagine what our problem will be in the years to come when we are almost bound to have fairly substantial personal income taxes.

As I mentioned, if a worker comes under a company plan for retirement, which plan must be approved by the Minister of Finance, the company may make a contribution, perhaps four or five per cent or more of the wages which are paid the individual. A company is allowed a tax deduction for that amount. The worker is also allowed to make a contribution, which we will say is five per cent of his wages, to a plan leading to his retirement. This amount is also deductible from his income before tax assessment is made. Furthermore, the individual may, if he is just coming under a plan now and has been in the service of the organization or company for a number of years, make a deduction for the years of work which he has put in during which time he did not come under the plan, so that he has on two counts the possibility of making a deduction for his old age, and these deductions on the two counts are both subtracted from his gross income before the tax is calculated.

The great majority of Canadian people, however, are not fortunate enough to work for large companies or prosperous enough companies that have these retirement plans; therefore they do not have the same attractive and advantageous means of providing for their old age as this limited class of workers coming under the various plans. I shall read one section of the Income War Tax Act, so that members may perhaps more clearly understand the nature of these exemptions. I shall read from section 5, paragraph (g). These are deductions and exemptions allowed under the Income War Tax Act:

(i) An amount not exceeding nine hundred dollars in the taxation year, actually retained by the employer from the remuneration of the taxpayer for an employees' superannuation or pension fund or plan in respect of services rendered in the taxation year or paid by the taxpayer who is a member of a trade union as part of his union dues.

I am told that in negotiating contracts with their employers many trade unions insist that some retirement plan be put into effect before they sign with the company; so that it is clear that under the existing regulations there is a distinct, welcome and worthwhile advantage to the workers who come under these plans. Altogether it can amount to a total of $900 under each of the three counts which I mentioned, which is $2,700 deducted from a man's income before tax. Of course a person would need to have an extraordinarily large income to be able to set aside that amount. But may I just point out in connection with these regulations which we now have under review that if no personal income tax were applied until the married man reached an income of $2,000 there would be a saving of $70 a year in tax? If the man who at the present time does not come under a plan where able to come under such a plan, which I shall suggest later should be under government sponsorship, and put in his $70 which he now pays in tax, he would find that, starting at the age of thirty, when many a man wakes up to the fact that old age will eventually come upon him and that he had better start making some provision for it, and putting $70 a year into a dominion government annuity, he will at the age of seventy be able to receive an annuity of $700 a year; or if he prefers to retire at sixty-five, having paid until that age, he will be able to have an annuity of approximately $500 a year. It is obvious then that there is discrimination against the great majority of our people who are not fortunate enough to come under one of these company sponsored plans approved by the Minister of Finance.

The principle that is already contained in these plans is approved by the government but because of inertia or for some other reason, the government has not seen fit to devise a plan whereby these workers who do not come under the company plans may make some provision for their own old age.

I might say, in passing, that these amounts are not entirely free of tax. It is in a sense a delayed tax because, when the man retires and starts drawing his yearly amounts as annuity, if you like, under the plan, the whole amount that he receives is taxable year by year as he receives it. But this is fair to the government and also fair to the individual because, when the individual retires, he is not likely to have a substantial income and his tax on whatever he receives is likely to be moderate, just as exists under the plans now approved by the Minister of Finance.

At the present time, with the extraordinarily high tax rates that we have, it is almost impossible for a person, particularly in the lower brackets, to make adequate provision for himself or his wife or widow as the case may be, when he retires from work or dies. Taxation is already making too large an

inroad into our personal incomes to allow many a person to balance his budget, much less look forward to a day when he is not a regular wage-earner. Therefore anything that this committee can do to make it possible for a man to provide for his own old age should meet with the approval of every hon. member.

What I am suggesting is that the government under the Department of Labour, where the annuities branch now is, or under some other suitable department, frame an over-all plan containing the various provisions which the Minister of Finance now insists upon when he gives approval to a company-sponsored plan. That over-all plan under the government could be made open to all individuals who wish to pay into it in order to provide for their own old age. I am not suggesting at this moment that the government make a contribution to it, although the idea is capable of that elaboration, and perhaps further consideration should be given it. But if we look at it entirely from the angle of personal tax, there should be an opportunity for the individual, under the government plan, to do as much for himself as the government now allows him to do if he is fortunate enough to work for a company having such a plan.

It may be that our insurance companies, who act as trustee for many of these company-sponsored plans, might formulate an over-all plan which would allow individuals who are not employees of these favoured companies, as I shall call them, to come under a plan sponsored by individual insurance companies, and the ordinary citizen could take his choice of the plan of the dominion government or of the insurance company. I suggest this, not only because I am a supporter of private enterprise, but also because many people will not save or come under a plan like this, no matter how favourable it may be, or how much they may save in tax this year to provide for their eventual old age, unless the plan is sold to them; and it requires selling. It may be desirable, therefore, to have private institutions formulate government-approved plans, as well as the government itself.

I should hope that if the government does formulate, under the dominion government annuities, a plan such as I recommend, it will allow the same rate now allowed in respect of annuity accumulations, namely four per cent, which is a somewhat higher rate than the artificially low rate at which the government is able to borrow at the present time. I would also suggest, because of the social nature of this undertaking, that the government would, as in the case of government annuities, bear the cost of administration.

There would be, of course, the usual provision which the minister now insists upon in the company plans in regard to a man on retirement not getting money out in a lump sum but spread over his life in the form of an annuity or some other form which would appeal to the minister. There would also be suitable provision made for the widow of a worker should he die and perhaps also for dependants in case they are still young.

This is a proposal to allow people who are not able to participate in the benefits now extended by the government under the company approved plans to look after, through the process of self-help, their own old age, so that they will not become dependent and so that they will have the feeling of self-reliance, which people cannot have if they must lean upon a paternal government.

Mr. ISNOR: What features does the hon. member's plan propose which are not included already in the group insurance annuity plan?

Mr. JACKMAN: I do not know whether I understand entirely my hon. friend's question. I do not know exactly what he means by the group insurance annuity plan. He must be a little more specific. I suggest that unless a person comes under a company-sponsored plan, of which there are a great many, particularly during the last five years or so, when a greater feeling of social consciousness has swept across the country, he cannot possibly get the benefits which are extended to the individual who does come under such a plan.

Take our own situation in this house. I should think that not more than two or three per cent of the members would be eligible to come under these plans. The ordinary citizen cannot do it. The man in a large steel mill or in a coal company or some other industry that has a plan like this can get the benefit of it. As a guess, I should think not more than fifteen per cent of our working population, or perhaps I might make it twenty per cent, are eligible to take advantage of these plans, and many small employers do not feel that they can set up such a plan, having regard to the additional cost of the company contributions. If the government approves a plan there is also a contribution by the employer as well as by the employee. Some companies do not feel that they can accept the added responsibility, but what I am suggesting now is that the government set up a plan whereby the indi-

vidual at least can do all that he could if he were working for a company maintaining a retirement plan.

Mr. ISNOR: Apparently there are no new benefits suggested in the hon. member's proposal.

Mr. JACKMAN: I only want the benefit which the government has approved, so far as a particular section of the population is concerned, extended to the whole population.

Mr. BOUCHER: I support the suggestion of the hon. member for Rosedale, and I would point out to the hon. member for Halifax the scope of the proposal. It would, in fact, cover all those people, or make it possible for all those people not engaged in industrial enterprise, under an employer or corporation who had set up superannuation benefits, to get the advantage of such a scheme. It would be an opportunity for the farmer, who has not a full-time employer, to contribute five per cent of his income to the dominion government on a superannuation basis, to be paid to him in instalments upon his attaining of a certain age, and without taxation, and that could be deducted from his income, after the manner of compulsory savings collected during the war.

I remember when compulsory savings were first introduced into this house, the then minister of finance did not feel that those who contributed to the superannuation plan under the Department of Labour should be entitled to consider their annual contribution to that as part of compulsory savings. After some consideration, the minister did yield to our exhortations that that should be allowed as part of compulsory savings.

In further answer to the hon. member for Halifax, I would ask the committee to realize that only a small percentage—my hon. friend says fifteen or twenty per cent—of our population work for employers who have set up a superannuation fund. I know many big firms who have never set up such a fund for their employees. I have in mind several in my own city who have had employees for twenty, thirty and forty years, and these people find themselves too old to continue working and without any superannuation set up for them. Consider the case of the independent-enterprise man, the small tradesman, the mechanic, the seasonally occupied man, the man who runs his own business or runs a small business for someone else. These people have not the advantage of a superannuation plan where the employer pays half and the individual half. Such a man has not even an opportunity of providing for his old age, getting a reduction from his income tax or assessable income for the purpose.

If we were to realize how this would work out, I think we would feel that it is, in effect, the most advantageous policy for old age pensions that we could have. So many people have said that we in Canada have reached the stage where we should have a contributory old age pensions scheme. This is a scheme that would replace that to a large extent, because any man who felt provident enough, beginning life at the age of twenty-one years of age, to provide five per cent of his income for dominion government annuity payment, deducting it as expense of living from assessable income, would at the age of sixty or sixty-five have sufficiently established a superannuation benefit to carry him along on a substantial income, so that he would be entirely independent of any gratuity from anybody. Our civil service has the advantage of the superannuation plan. Many people have argued that the civil servant gets compensation by virtue of the benefit he gets in being allowed to contribute to the superannuation fund and having the government contribute a like amount. The government need not contribute to the individual, but they could contribute by way of administering the fund and by way of paying him in the same manner as is now adopted by the annuities branch of the Department of Labour, the amount being calculated mathematically on a four and a half per cent compound interest basis.

We all know that there is in existence in the Department of Labour a scheme under which individuals can make annual contributions until they are sixty, sixty-five or seventy years of age, and thus provide themselves, their wives and dependants with annuities ranging as high as $100 a month per person. That in itself is security against old age or mature age. If those who are not in industrial enterprise—and even those who are in industrial enterprise, if they want to take advantage of it—had an opportunity to contribute a small portion of their income each year, as part of their everyday living expense, and could have that exempted from income tax, they would become more self-sufficient and satisfied that they themselves were looking after their old age. They would not look to this government with anxiety for paternalistic legislation, as so many people would have us believe they do today.

I believe the fundamental spirit of our Canadian people is one of independence and thrift. I believe they want an opportunity to provide for themselves in their old age, and I believe the government should make that as easy as possible. I also believe that, in the long run, we would save a great deal

of expense if that opportunity were given by way of annuity, if we were to give them the inducement so that they could set themselves up in that way with pride, independence and a feeling that they were getting at a later day something which they had provided for throughout their lives.

I highly commend the suggestion made by the hon. member for Rosedale. Instead of thinking of a compulsory contribution to old age or retirement allowances, I believe the government would be well advised if they made it voluntary and gave the ordinary rank and file of our Canadian people who are in independent enterprise, assistance and cooperation. As the hon. member for Rosedale has said, I believe that this could be done through the annuities branch or through the insurance companies. I also believe that if this contribution were exempt from income tax, it should be made on the basis that it can be received back by the taxpayer only in annuity form in month to month payments and benefits at a time when he is most likely to need them. I believe the Minister of Finance would be well advised to take this matter into serious consideration, because I think the great mass of the Canadian people have not appreciated, or have not been encouraged to appreciate, the benefits of an annuity under the Department of Labour as it now stands; otherwise a great many more people would have taken out one, and we would not have the difficulty we have today, namely, that people feel they are about to face difficult days in the eve of their lives.

Mr. GRAYDON: I should like to branch into another field with respect to income tax, and ask the minister a question which I fear is somewhat of a perennial one; perhaps it is perennial because of its importance. It is a question which arises from a series of inquiries received in the mails, and it must have come to the attention of hon. members on scores and scores of occasions. It concerns the person who has a self-contained domestic establishment, who has all the expenses, all the outlays and all the overhead that married people have, but who at the same time is not entitled to the same kind of consideration under the income tax law and regulations. It is a matter which, I think, touches the homes of many worthy and deserving people in Canada. I have listened to the arguments of those who have gone before, but I have not been convinced by them. After all, what is the use of our changing finance ministers unless we can expect something better from the new one than was received from the old one? On that basis I feel somewhat optimistic and not a little encouraged to press my case again for that group of people who, I think, are deserving and have been long-suffering and kind—perhaps too kind—to their government in the past for not having given them a little more consideration. I should like to ask the minister if he will, after I resume my seat, deal with that matter and give us the reasons he has finally designed which apparently have prevented the change.

The other matter to which I wish to refer is one which perhaps some people may consider small. But after all, as most public men will find, the small things in the world are really the big things. Certainly they are big things to the people we represent. Today we are experiencing the development of education in a way that we have never experienced before. Our seats of higher and secondary learning in every part of Canada are bulging with students; and I suppose that applies to every country of the world where education is available. In many cases one finds that the ordinary middle-class person is struggling to make ends meet. I do not make any apologies for saying a word on his behalf; and it is no reflection on those who are making less money, either; because, after all, that middle class of our people who are struggling hard to make ends meet, very often at the end of the year have just about the same amount left over as those in even lower brackets. In addition to that, in trying to educate their children they find that, after the boy or girl reaches the age of twenty-one, their exemption with respect to that child, as a dependent under the income tax law and regulations, ceases. They are then on their own without any of those considerations being available to them. I have had this matter brought to my attention within the last few months by several deserving citizens in my own constituency, and not all of them have been of my own political faith either. I should like the minister to give some consideration to cases of that type. As a nation we are now reaching the position where it is not so hard to see that if, in the years which lie ahead, education advances as much as it has in the past, we might conceivably find that university degrees in Canada are almost as numerous as senior matriculations were some twenty-five years ago. That, of course, makes a situation which, I think, deserves attention by the government because of conditions we see developing. I should like the minister to give some consideration to that class of people, who, I think, are worthy and deserving Canadian citizens.

Mr. ABBOTT: Dealing with the two points my hon. friend has raised, as he himself has indicated the first is not a new one, I

think I have answered it myself on at least two previous occasions. That is the suggestion that a person who lives in a self-contained domestic establishment should be given the same treatment as a married man who lives in such an establishment, or a man who has such an establishment and maintains in it someone connected with him by blood relationship or marriage and who is wholly dependent upon him. Personally I have never considered that there was justification for extending that exemption to groups other than those already covered. After all, living in a self-contained domestic establishment, in a house, is a way of life. The exemption is given to a married man as part of his married exemption; and it is given to a widower or a single man who is maintaining in that type of establishment dependents who are connected with him in the degree mentioned in the act, as a further concession. But to give it to all taxpayers who choose to live in that way, I felt, and my predecessor also felt, was never justified, and personally I would not feel that we should extend the law at this time. I think I have given a similar answer on previous occasions.

The other question my hon. friend raised, namely the possibility of extending the exemption for children who are attending university when they get beyond the age of twenty-one, has been brought to my attention by a great many hon. members. I have had a number of letters concerning it, and it has been brought to my attention by several hon. members on this side of the house. There again the justification for allowing the exemption up to the age of twenty-one—and it is an exception to the general rule—is that this is about the age at which children complete or at any rate nearly complete their ordinary arts course. If they are going on to take professional training as a doctor or lawyer, or to do post-graduate work, that is usually after they have reached the age of twenty-one years. I am not quite sure just what income bracket my hon. friend means when he refers to "middle class", but I would think he meant someone receiving up to about $5,000 a year, would he?

Mr. GRAYDON: I did not have in mind a figure that high. I think I used the words "middle class" where I meant the medium income class.

Mr. ABBOTT: If it is lower, so much the better, because under the new rates on an income of up to $3,500 the top rate is twenty per cent, so that the value of the exemption to a taxpayer with an income of up to $3,500 would be only $60 a year. I will concede that $60 a year is $60, and has some significance when you are sending a boy to college; but it is not a sum that is going to make the difference between sending him there and not sending him. I have never felt that we would really be justified in extending this exemption beyond the normal period within which a man is giving his boy or girl the initial university education.

Mr. CROLL: Following that up, did I understand the minister to say the exemption was given a widower with children in the same way as to a married man?

Mr. ABBOTT: That is true, if they are wholly dependent upon him and under the age limit.

Mr. CROLL: In a self-contained establishment?

Mr. ABBOTT: That is right.

Mr. CROLL: But what about the widower himself?

Mr. ABBOTT: The widower himself is the same as a bachelor. That is a way of life; he is living in a house instead of in an apartment or hotel or boarding house.

Mr. GRAYDON: May I say one word to the minister with respect to my observations on the educational point? I did not have in mind people making as much as $5,000. In the one instance I have in mind I believe the man's income is just over $2,000, which I think, generally speaking, is not a large income.

Mr. ABBOTT: Probably he would not be paying any tax at all.

Mr. GRAYDON: Well, his income may be over $2,000, but in any event it is in one of the lower income brackets. When I said "middle" perhaps I should have said one of the lower income brackets, because that is what I had in mind.

Mr. ABBOTT: To a man with an income of $5,000, the value of an exemption of $300 at the marginal rate would be $66 a year.

Mr. GRAYDON: But take the person who is making something over $2,000, from $2,000 to $3,000. He has a pretty tough time trying to get his children educated.

Mr. ABBOTT: If he is a married man he gets an exemption of $1,500, and he would have an exemption of $100 for each child in receipt of family allowance and $300 for each child not in receipt of that allowance. My only point is that the value of the exemption is perhaps significant, but I should think it

extremely unlikely that an individual with an income of $2,000 to $2,500 would be in a position, out of his own resources, to send his children to college. He could probably help them—

Mr. GRAYDON: He does the best he can, and he should not have any obstacles placed in his way.

Mr. ABBOTT: Of course he does the best he can, but I think the children would have to help earn their way through college. The point is that he would get the exemption until his children were twenty-one, which is a very fair average age for completing an arts course at university, which covers a period of three to four years. If they are going on to post-graduate work, in the professions or otherwise, I do not think there should be an exemption which does not apply to other taxpayers.

Mr. TIMMINS: Following the remarks of the hon. member for Peel and the explanation of the minister on the first question raised, in regard to widowers, I should like to give the minister an example for his consideration. In this case in 1945 the widower had a pension of $624 and a small investment income which brought his total income to a little over $1,500. He is a widower maintaining his own home, with a housekeeper to whom he has to pay $40 a month. His taxes in 1945 amounted to $260. He is considered as a single person, even though he continues to maintain his home since the death of his wife. In 1946, on an income of $1,619, his tax amounted to $208.54. In that year, in order to help pay his way, his son had to contribute $300 out of his own income, and of course in turn the son had to pay income tax on his own income. This man is eighty-one years of age. By thrift and diligence he has made almost enough to maintain himself, but not quite; and I am asking the minister whether in a case of this kind, where a man is past the age of seventy years, we will say, some consideration should not be given him in respect of the exemptions, and whether the exemptions should not be increased from $750 to $1,500.

Mr. ABBOTT: Well, consideration has never been given, as far as I am aware, to increasing the exemptions solely by reason of the age of the taxpayer. I should think it would be undesirable from a good many points of view.

Mr. TIMMINS: Then following the remarks of the hon. member for St. Paul's with respect to the exemptions of married women earning salaries, my opinion has been that we should protect the exemption of $750 given a married woman, and maintain it as it was in 1946. I see the minister is not sympathetic to that point of view, because, as I understood him a few moments ago, he said he did not favour a special dispensation to any class in order to induce people to work.

Mr. ABBOTT: I did not say "dispensation." I said I was not in favour of income tax concessions to any group in order to persuade them to work.

Mr. TIMMINS: This year, 1947, we have certain problems to meet, and probably the most important of them is the question of production. Engaged in business as I am, it seems to me that the minister has lost sight of the fact that if we do not protect the exemption which was given to nurses, teachers and stenographers in 1946 we are going to lose these women from industry. As a matter of fact, I was interested in the table the minister filed, and I shall certainly be interested in perusing it, when I have a chance to do so, because in my attempts to find out what the tax on married women earning incomes in Canada amounted to, from questions which I asked of the Minister of National Revenue, I discovered that there had not been any statistics kept in respect of the tax paid by those married women in the years up to this date, although the situation will probably be changed from now on.

But I did get an estimate from a departmental official as to what the situation really was, and this is it. The total salaries and wages earned by women in Canada in 1946 is estimated at about $607,000,000. This does not include income from investments. It is estimated that twenty-five per cent of the women in business are married women, and seventy-five per cent are single. That is only an estimate. Therefore $148,000,000 represents the income earned by married women in 1946. For the most part these earnings were in the low-income group.

It is estimated that the number of married women who earned this amount of wages and salaries was 110,000, so that the average annual wage or salary per person was $1,350. It is estimated that the tax upon salaries and wages of married women paid in 1946 amounted to $18,000,000.

There is nothing very scientific about that return because, as a matter of fact, it is only an estimate, and apparently it is not taken from any statistics at all. I think the Minister of National Health and Welfare will probably have something to say a little later on when he finds there are not enough nurses

in the country to take care of the work to be done in the hospitals, if eventually we have a national health insurance plan.

I think the minister might very well give consideration to this matter of protecting the 1946 exemption for married women. I do not like to let his statement go unchallenged that he does not intend to give any special concession to any class in order to induce people to work, because, after all, production is the thing we are looking for this year. I think that is a fact the minister ought to take into account.

Mr. KNOWLES: I should like to say a few words in support of the two points made by the hon. member for Peel. In a sentence or two, may I say my interest in this matter stems, in particular, from a number of widowers living in Weston, a part of Winnipeg. These are men who are employees in the shops of the Canadian Pacific Railway Company, who have small homes. But even though they are widowers, they endeavour to keep those homes together as a place for the children to come, whether they be married or single. The suggestion that the exemption be granted is not only for the reason the minister stated, but because of our interest in this country in maintaining homes.

I rose not only to support the suggestions made by the hon. member for Peel, but to encourage him to carry on. And the means I shall use to encourage him is to make reference to something I now hold in my hand. As some hon. members may recall, in every budget debate since I came to this house—

Mr. MacNICOL: That is not long ago.

Mr. KNOWLES: —I have spoken as strongly as I can with reference to a discrimination between railway train conductors and railway sleeping-car conductors. The minister will probably remember some of the discussion he and I have had across this floor. I had some discussions with his predecessor, and some with the present Secretary of State, who was then minister of national revenue.

I was told every year that it simply could not be done, and that, because of the distinction in the manner in which the incomes were received by these different employees, a line had to be drawn. The railway train conductors, being on a mileage basis, were allowed their away-from-home expenses as a taxation deduction; but the sleeping-car conductors and sleeping-car porters, because they worked for wages or salaries, were not allowed their away-from-home expenses.

It would make interesting reading if I were to quote from *Hansard* the arguments used by the ministers I have mentioned when they told me that it simply could not be done. I am happy to say I hold in my hand a directive from the deputy minister, signed by F. H. Brown, deputy minister of taxation. This is directive No. 14, dated May 2, 1947, and the subject matter is the assessment of railway men's away-from-home expenses. It states:

> The same consideration will be given to claims for away-from-home expenses of those railway men who are paid on a salary or wage basis as is given to those paid on a mileage basis.

I wish to express my thanks to the government for having acceded to this request. It did not come from me in the first place, although I have been fighting for it here. It came to the department from the unions and brotherhoods representing the men. I am sure it is clear now that it was a discrimination which should not have been maintained for such a long time.

Speaking particularly for the sleeping-car conductors and sleeping-car porters, and also for those other railway employees who are on a wage or salary basis, may I say that they appreciate the fact that they now have the same right as these other railway employees, namely that of charging their away-from-home expenses as part of the cost of their job.

So I say to the hon. member for Peel that probably his arguments are not in vain.

Mr. GRAYDON: How many times did the hon. member have to present them?

Mr. KNOWLES: Just four years.

Mr. GRAYDON: I have presented mine for only three; I have only one year to go.

Mr. KNOWLES: The Minister of Labour will note that I said a minute ago that I did not start the suggestion. It came from the brotherhoods and the unions representing the men. However I did say that I led the fight on the floor.

Mr. MITCHELL: You are more successful in fighting in other places than on the floor, sometimes.

Mr. KNOWLES: I rise to take part in this discussion in order to say something which may seem to be in an entirely different vein from the views I have just expressed. What I shall say grows out of a statement made to me in Winnipeg two or three nights before I left home last January to come to Ottawa to attend this session of parliament.

The man who spoke to me was a carpenter named Gus Johnson, a gentleman I have known for some time. He was giving me a bit of advice about the session, and made this interesting suggestion: "Don't worry too much about trying to get taxes reduced, but give the government so-and-so for their failure to give us good value for our taxes".

I think it is really regrettable that the unfairnesses and injustices in the taxation structure, about which we have been talking during the course of this debate, lead us to a point where sometimes we consider that our main job is to try to have taxes reduced. I think the far more important thing is to find out what the government does with the tax moneys. I would say to the government of the day that their future depends not so much upon the taxation structure as upon the measures they take to achieve a really high level of economic activity, to raise the level of wages and the standard of income of all our people and to provide definite social security. It has been said a good many times in this debate, but it is well to repeat it, that one of the most striking remarks made by the Minister of Finance in his budget speech was his admission that more than half of the income earning people in Canada receive incomes below the income tax exemption level.

Mr. ABBOTT: I do not like to interrupt my hon. friend, but this is wandering a bit far from the resolutions we are considering, the schedule of income tax rates. It is probably relevant to discuss, under these resolutions, almost any feature of the income tax act which relates to personal income tax, but I would hope that my hon. friend would endeavour to keep within that field.

Mr. KNOWLES: I would hope that the minister would appreciate the fact that at least I did not get into the preview of old age pensions which we had a little while ago, which was stretching the rules a bit.

Mr. ABBOTT: That was close. There are deductions permitted from personal income tax for pension purposes and I think that was relevant. But to discuss the use which the government makes of the taxes it collects is going a bit far afield from the income tax schedules.

Mr. KNOWLES: I am quite prepared to abbreviate my remarks. I have made my point that the important thing is what the government does with the taxes it collects.

Mr. ABBOTT: We are in agreement there.

Mr. KNOWLES: I am glad that the minister agrees with me and I hope that by the time he relinquishes his post as Minister of Finance he will not still have to say that more than half of the people of this country are living below the income tax exemption level.

Mr. MITCHELL: That is not fair. You are just kidding the troops.

Mr. KNOWLES: I am quoting what the minister said in his budget speech.

[Mr. Knowles.]

The DEPUTY CHAIRMAN: I must ask hon. members not to interrupt.

Mr. KNOWLES: I am prepared to leave it at that. When one reaches the point where he starts getting interruptions of this kind he realizes that he is making his point, and so I am quite prepared to sit down.

Mr. HAZEN: There is a matter to which I would direct the attention of the minister in the hope that something will be done. This is the second time that I have referred to it. I referred to it about ten months ago. It has to do with the income tax on domestic servants, particularly those in the maritime provinces.

In order to arrive at the income of a domestic servant for taxation purposes under the Income War Tax Act, the value of board and lodging provided by the employer is added to the wages the servant receives. When a domestic servant in the maritime provinces files an income tax return he or she is obliged to add to the cash received as wages the sum of $26 a month or $312 a year for board and lodging supplied by his or her employer; but when a domestic servant in the province of Quebec files his or her income tax return he or she is required to add to the cash income received, not $26 a month or $312 a year for board and lodging, but $15 a month or $180 a year. It is ridiculous to suggest that a domestic servant employed in the maritime provinces has board and lodging any better or at greater cost than a domestic servant who is living in a mansion in Montreal or vicinity, or in some luxurious apartment house in Montreal, or in any other city in the province of Quebec. These hard-working people who reside in the maritimes are being discriminated against. They are, in my opinion, getting an unfair deal. There is no reason why their income should be increased in this unfair manner and their taxes increased in consequence. Last year, on July 24, I brought this matter to the attention of the present Minister of Finance, and I was supported in the stand I took by the hon. member for Halifax who said that he also had received complaints. The present minister said then that he would be glad to look into the matter and he added:

> I agree with both members that there should be no discrimination between servants employed in the maritimes and those employed in other provinces. I shall look into the matter and see what is causing this condition.

I do not know whether the minister in the past ten months has had an opportunity to look into the matter or not, but I am informed that this discrimination continues. It

should have been done away with long ago. In fact it should never have existed. I would ask the minister why this discrimination exists. I have given the amounts that are imposed on domestic servants in the maritimes and in Quebec for board and lodging. I have referred to Quebec, because that is the only other province for which I have the figures. I ask the minister to give us the figures that are imposed for board and lodging in the other provinces.

While I am on my feet, I should like to direct the minister's attention to another matter that was brought up last year by the hon. member for Halifax when he supported me on the taxation of domestic servants. At that time he said that he had brought to the minister's attention, then the acting minister of finance, the case of railway porters, stewards and waiters who operate on the Atlantic division between Halifax and Montreal. They complain that, whereas those who operate in the central and other regions of the Canadian National railway system are not taxed on tips, those operating in the Atlantic region are taxed to the amount of $300. I do not know whether that situation has been remedied or not, but it does seem to me unfair that that condition should have existed. I would ask the minister if that situation has been remedied and, if not, why it has not been.

Mr. ISNOR: Before the minister replies, may I say briefly that I support what has been said by the hon. member for St. John-Albert. I very well recall bringing before the minister last July the case of the porters, stewards and waiters of the Canadian National railway system in particular. So far as I know, that situation still exists in the Atlantic region and does not apply either to the central or western divisions of the Canadian National Railways.

Mr. ABBOTT: Answering both hon. gentlemen who have just spoken, following the statements which were made last year I took the matter up with the then deputy minister, Mr. Elliott, and was told at the time that there was no discrimination. My colleague, the Minister of National Revenue, will look into the matter at once. I doubt whether there is any discrimination. There may be some variation in the amounts which are reported by individuals as the value of board and lodging for domestic servants. If my memory serves me correctly, that was the information which I had been given on previous occasions when this matter was brought up; but I was informed—it is not in my department, of course—that there was not a case of a rate fixed for one district and a lower rate fixed for another. The question has been brought up again; and may I say that my colleague, the Minister of National Revenue, has assured me that he will go into it at once and see exactly what the situation is and will be able to give my hon. friend an answer either when we come to the bill or when the bill is in committee.

Mr. HAZEN: When I get the answer I should like to have the information I asked for in regard to the other provinces. I said I referred only to Quebec because these were the only figures I had. The information I gave referred to the city of Montreal, which showed that it was $15 a month.

Mr. ABBOTT: We will get the full statement.

Mr. HAZEN: It was $15 a month for board and lodging, while it was $26 a month in New Brunswick and other parts of the maritimes. I should like to have the figures for the other provinces as well.

Mr. ABBOTT: We will give my hon. friend a full statement as to what is allowed in all the provinces. It may require consultation—I do not know; I am not the Minister of National Revenue—with inspectors in the various districts. But my hon. friend is entitled to the information which he has asked for, and I know that my colleague will see that he gets it.

Mr. SKEY: May I return the discussion for a moment to the subject brought up by the hon. member for St. Paul's and the hon. member for Parkdale, namely, the meagre exemption of $250 allowed as an income tax deduction for employed married women?

Mr. ABBOTT: I know my hon. friend wants to be accurate. A married woman pays no tax until she earns over $750 a year. But if she earns over $250 her husband's exemption is decreased proportionately.

Mr. SKEY: I thank the minister for checking me up on that. That was the point I wanted to make. There are many husbands whose wives are employed to some extent or partly employed, making up to $250 or between $250 and $700 a year. The husbands of these women are called upon to inform their employers of their wives' income so that the proper deduction can be made from their pay. It may be a small point but I think it is fairly important, in that there are many men who do not care to inform their employers that their wives are working. For that reason it leads to a number of women giving up their jobs, a number of women who are in essential employment, and I shall refer to only one

case, namely, that of laundries. I do not suppose there is an hon. member in the committee who, during the last year, has not had some difficulty in having his laundry returned to him. If they have not, I am sure that the wives know of the situation which exists today all across Canada with regard to laundries and that type of business which employs a high percentage of women. Laundries have been hit particularly hard by this tax ruling, as have restaurants, bakeries and other types of business employing women workers chiefly. You have only to walk down the street of any big city today to see the signs in the windows saying "waitress wanted" to know what is happening in the country. If one wishes to get an impressive illustration of the situation today he has only to refer to the want ad sections of the daily newspapers. I realize that this employment problem is bringing a large revenue to the daily papers, and I would be the last one to want to cut into their revenue, but you see column after column of advertising asking for women to take employment in all types of industry. I am one who feels strongly that this ruling which says that income tax must be paid by the husband on the amount between $250 and $750 on his wife's wages, has caused this situation to a great extent.

Mr. MacNICOL: I have two examples of what appears to me to be discrimination so far as income tax payments are concerned. I had a communication from the widow of a doctor who lived in my part of the city. When the doctor died some three years ago he left not only his wife but two daughters. In the meantime both the daughters have married and moved out of the city. One moved to Hamilton, but I do not know to what place the other moved. It is necessary for this lady to retain the services of her servant or maid, and she has complained to me in the strongest language that it is impossible for her to carry on. She has lived in the home for thirty years and raised her family there. While that is only one example, there are many other such cases. I should like to know if the government has in view any amendment or regulation to give redress to cases such as that.

Earlier in the evening some hon. member mentioned widowers. I know of many widowers who retain their own homes. A few moments ago the minister said, well, if they cannot keep their home they can go to a boarding house or apartment, or something to that effect. That does not seem to me to be fair treatment to a widower who wants to keep up his home so that his family may come to stay with him or visit him for the holiday or longer in the summer time. Has the department additional allowance in view along that line?

Let me give another case which does not seem fair. Take a man in a position like the Prime Minister of this country. I have no right perhaps to mention his case, but he occupies a big home like many other men who keep up big homes. However, in the case of the Prime Minister he is under a tremendous expense because he must keep a home to receive and perhaps to take care of those who may visit him. In his case he is forced to pay heavy taxation and has little allowance, being a bachelor. There seems to be an acute need for improvement in our income tax set-up. The two examples I have mentioned do not seem to be quite fair. What is the real explanation of the treatment meted out to the widow or widower and to bachelors maintaining homes such as the Prime Minister?

Mr. ABBOTT: As my hon. friend knows, the exemption is based on married status or its equivalent. In the case of the widow to whom he has referred, when her husband died and she was supporting the two children in the house she had a $1,500 exemption. If her children marry and go away that exemption is reduced to that of a single person, $750, and if she is in the income tax bracket that I was discussing a moment ago with the hon. member for Peel she would pay something in the order of $100 to $150 a year more tax than she did before her husband died or while she was still supporting children in the house. But that applies to everyone who lives in a house. It is a way of life, and we do not assist in paying for self-contained domestic establishments by giving increased exemptions if the taxpayer has no dependents to support.

As regards the bachelor, I do not know that we should amend the income tax law to allow the Prime Minister to get an additional income tax credit. These are the reasons. The additional exemption is due to the married status or its equivalent. It is not an inducement, but a special concession handed out to those who are supporting wives and children or dependents.

Mr. BLACKMORE: I wish to join with those who have spoken in disapproval of the income tax as a means of discouraging people from working. The minister expresses unwillingness to modify the income tax in such a way as to encourage people to work. I suggest to him that the country wants him to say whether or not he is equally unwilling to modify the income tax structure so as to discourage people from working. The

Canadian people, generally speaking, need no encouragement to work if they are given the chance, but it is certainly unfair to discourage them from working, and I maintain that for the last several years the income tax structure has been such as to discourage them from doing work that needs to be done. The time has come to overhaul the income tax structure in order to see that such defects in it are corrected.

I wish to say one thing more and it has to do with production on the farms. I do not know whether it has been brought to the minister's attention, but if it has not I should like to point it out to him now. There is a serious falling off of production in western Canada, at least in the matter of hogs, beef, wool and a great many other things which are needed vitally in the life of the nation. This situation is bad and should be remedied. A few days ago I had a letter from an outstanding agriculturist in my constituency, who, speaking of hogs, said that the falling off in production was not the result particularly of the price of grain or the scarcity of grain or the scarcity of labour or the price of hogs, but simply of the fact that if a man came in after a hard day's work feeding hogs to produce food for the nation he was immediately penalized for doing so. Surely no intelligent group of people governing a nation will permit such a condition to continue. I hope that is sufficiently emphatic and does not need to be remarked upon again.

I would say this in conclusion. I think the suggestion this man made to me in his letter was sound. He said that the first $800 which a man makes from producing, on the side, food such as beef, pork, eggs, butter, potatoes and other needs of life ought to be exempt from taxation, regardless of what his taxation might be in respect of other activities on his farm. That may present some difficulties, but these difficulties must be met and overcome, because this tendency to discourage production of food in this country must be stopped.

Mr. NICHOLSON: The hon. member for Winnipeg North Centre tells me he did not finish his story in connection with Gus Johnson, his Swedish friend. Gus mentioned that he did not like the income tax particularly, but ten years ago he was on relief, and he is much happier paying income tax on an income than he would be back on relief. I think he was speaking for the great majority of Canadians. We do not like income tax very well, but most of us would rather have an income that places us in the income tax brackets than belong to the majority of Canadian wage-earners who do not receive an income high enough to be taxable. I will not pursue that line further.

Members of this group have repeatedly emphasized the fact that it is not the amount of income tax one pays that is important but rather the amount one has left after paying the tax. Ministers of finance have never been able to satisfy the members of our group but we persevere in our argument. It was the minister of finance of New Zealand, Hon. Walter Nash, who captivated the minds of members of our parliament when he was here early in the war, when he outlined the fiscal policy of his country. He said that no one who put on a uniform for his country should find himself in a worse position because of his service, and, second, that no one who remained at home should find himself in a better position because of having remained at home.

I thought that these opinions had been forgotten by members of the Canadian cabinet, but I happened to be in Montreal in January of this year and heard the Minister of National Defence speak at a public gathering, when he said that it was the policy of the Canadian government so to prosecute the war that no one who put on a uniform for his country would be in a worse position because of having offered his service, and he mentioned the fact that the Minister of Veterans Affairs was doing everything in his power to see that those who served Canada in the army, air force and navy would not be in a worse position than if they had remained at home. The Minister of National Defence was given a warm ovation when he mentioned that his colleague from Montreal, St. Antoine-Westmount, the present Minister of Finance, was doing his job in seeing that those who remained at home were not to be in a better position financially because of having remained at home.

I am afraid, however, the record of performance will not support that claim. Recently the Minister of National Revenue tabled some information in reply to some of my questions. The information was given on May 26, indicating the financial position of our people in the top brackets. The minister did not reveal how many Canadians receive incomes of $200,000 or more. The Minister of Agriculture gave approximate information. Apparently he has information that is not available to the rest of us. He indicated that there are between twenty and twenty-five in that bracket and suggested it was not really worth while for the hon. member for Rosetown-Biggar to raise this question.

Well, these twenty or twenty-five, after paying income tax according to the 1948 budget, will each have left a minimum of $67,657 a year, which appears to me to be quite a sizeable sum. Those who receive $100,000 will have left $43,987, which is not to be sneezed at in most parts of the country. Those receiving $75,000 will have $36,152 left; those who receive $50,000 will have to spend $27,067. Those who are down to $20,000 will have to get along on $13,960, and so on down the brackets. But we had 587 Canadians in 1946 who had incomes of $50,000 or more and who had left $27,067 or more to spend.

I have in my hand a Canadian press dispatch from London, dated May 5, to the effect that only forty-five people in the United Kingdom have net incomes of $24,000. The dispatch says:

> Before the war 7,000 persons in the United Kingdom had net incomes after taxation of £6,000 ($24,000) or more. Last year there were only sixty; and now there are forty-five.
>
> Yet in the same period the number of income taxpayers has about doubled.
>
> These figures are given in a white paper on national income and expenditure issued by Hugh Dalton, Chancellor of the Exchequer.

I submit that in the United Kingdom, with their much larger population, if they have only forty-five persons who had incomes of $24,000 a year or more, there must be something wrong with our taxation policy when we leave 584 Canadians who have incomes of $27,000, $36,000, $43,000 and $67,000 after paying income tax, according to the 1948 budget.

In conclusion, can the Minister of Finance tell us what difference it would make to our revenues in Canada if all single persons receiving less than $1,000 and all married persons receiving less than $2,000 were exempt from paying income tax? Has the minister the information available?

Mr. ABBOTT: I am told that it would make a difference of roughly $200 million.

Mr. MACDONNELL (Muskoka-Ontario): I hope the fact that the Minister of Finance made no reference to the suggestion made by the hon. member for Rosedale, and supported by the hon. member for Carleton, does not mean that he was not interested in it. Indeed I very much hope that he may say something about it. To me it seemed to be a most important and interesting suggestion, and I would think it has to do with something which, regardless of party, we in this house would approve, namely, helping people to help themselves. I appreciate that there may be difficulties. The difficulties of administration may be great. I understand that it is one thing to have a pension plan brought forward by an organization which can take care of all the details, which can practically assure the minister that the thing will be carried out in a businesslike way, and that it is another thing to deal with individuals. Nevertheless, it seems to me that there is basically an inescapable fairness in what the hon. member for Rosedale suggested. Once more may I say that it seems to me that, to whatever extent it may be made effective, the suggestion does move in the direction in which, as I said a moment ago, I believe we all want to go, namely, helping people to help themselves. Therefore I would earnestly hope that the minister would find it in his heart to say that the idea is of interest, that it will not be disregarded, that, in spite of the difficulties, the thing will be studied and whatever else he feels he can say with regard to it.

Mr. ABBOTT: Yes. I was greatly interested in the suggestion made by the hon. member for Rosedale, and I intend to study carefully what he said. Of course, offhand I can see certain obvious objections. Any such government plan which was made purely voluntary would mean that some people would come in to it and some would not. I agree that it is desirable to get people to help themselves as much as possible; but if you have a government plan of that kind which is purely voluntary, you will be faced with some people who have provided their own social security and others who have been improvident and have not done so, but who, nevertheless, if in need, will insist upon being looked after and who will have to be looked after in their old age. So that offhand it would seem to me that is one objection. However, the subject is one which has a great many ramifications and would require a great deal of study. I was most interested in what the hon. gentleman said, and he can rest assured, as can the hon. member for Muskoka-Ontario, that I will study it carefully. Other than that, I cannot be expected to offer any comment this evening.

Mr. ARCHIBALD: I should like to mention two problems which were laid before me by the representatives of the halibut fleet in Prince Rupert. For the people in many of the fishing villages up the British Columbia coast the cost is quite heavy when they go to a hospital, especially if they have to take their families along with them for medical purposes. They wish to have the cost of transportation to a hospital included in the amount which is deductible for medical expenses. It is getting prohibitive for a man, his wife and

family to live in these villages up the coast if medical attention is needed for the family. They cannot afford to go out to get it. I also found out that, owing to the fact that there is a shortage of accommodation in the hospitals at the present time, these people who come from Massett in the Queen Charlotte islands and go down to Vancouver to receive hospitalization are told that they must leave the hospital as soon as possible. Granted that while they are in hospital, the amount of their expense is deductible; but when they are discharged from hospital and have to live in Vancouver in order to receive treatment in the hospital each day, the cost of their board and room and their expenses while living in Vancouver is something they are not able to put in as a deduction. Further, if they get drugs through any other source than the hospital, they are not able to mark up their cost as a deduction. Therefore, on behalf of the small communities on the coast, especially where the fishermen live, in order that these communities may grow and become prosperous, I should like to have the benefits I have mentioned extended to these people.

Another matter is one which I can best outline by reference to a letter sent by the Prince Rupert Fishermen's Settlement Service to the inspector of income tax in Vancouver. It reads in part:

> In many instances we have cases where assessments are not made for three years after the return is filed, and any differences there may be are assessed and on this non-payment interest is charged for the full three years, and both the fishermen and myself feel that this is not fair and interest should be charged from the date of assessment.

In some cases the mistake may be made by the income tax office itself; yet the fishermen has to pay the interest on the amount he owes, even though it is not his mistake. Some rectification should be made in regard to this matter, because it has been a burning problem there, as many of the men have had interest charged against them where really it should not have been charged.

Mr. ABBOTT: I will take note of my hon. friend's remarks and see what, if anything, can be done.

Mr. HARKNESS: I wish to refer to the matter mentioned by the hon. member for St. John-Albert. The minister stated that he would produce the figures for the various provinces as to the amounts which domestic servants are required to show in their income tax returns for board and lodging. I wonder if he would do the same thing as far as hired men in the various provinces are concerned. I have heard a few complaints in regard to the matter, and I think it might be well perhaps to have it cleared up at the same time. I have reference to hired men on farms. I do not know whether it is practical or not to do anything about the matter but in our part of the country at any rate the fact that the farmer has been required to collect the income tax out of the payment he makes to his hired man has been productive of a great deal of difficulty and a great deal of trouble. The practical effect of this requirement has been that the farmer who himself turned in an income tax return and in that return reported what he paid to his hired man and deducted from his hired man's wages the amount required, in most cases lost his hired man and lost him to the man who did not turn in an income tax return or who turned in an incorrect one, we will say, or something along that line. As I say, I do not know whether there is any practical means of correcting that situation, but I should like to bring it to the minister's attention, because it has been the reason why at least two farmers whom I know have had to cease business in our part of the country, owing to the fact that they could not get hired men. Their hired man said, "Well, you are taking so much a month away from me because of income tax. Nobody else around the country is doing it, and I won't work here". These people found it impossible to keep hired men, so they just quit. They were oldish people anyway, and could not carry on by themselves.

As I say, the average farmer is not in the same class as the businessman who keeps regular books and is in a position to make deductions from the wages he pays his employees. A large number of farmers do not know anything about this and just will not bother with it. As a result, I say it works out in a very unfair way to the people who do make an effort to comply with the law, and causes them to lose their hired men. It seems to me that, from the practical point of view, the amount of money the government would realize through collections made in its behalf by farmers from hired men would not be sufficient to compensate for the difficulty and trouble it causes, so I would ask that the matter be given some thought and consideration.

Mr. ABBOTT: I shall be glad to do that.

Mr. FAIR: I should like to get same information from the minister. Once before I thought we had this matter settled, but I see the administration entirely ignores some of the answers given by the former minister, so I would like to have this thing squared up and

perhaps get some definite information so that farmers making up their tax returns may know exactly where they stand. This form I hold in my hand is the blue form used by farmers. On the back, under the heading, "Notes re farm receipts and expenses", I find this paragraph:

4. Produce used from "family garden" and small sums usually termed "pin money" obtained by the wife, sons or daughters, by their own efforts, need not be taken into account.

I understand that the practice, at least in the Edmonton district, is that all this has to be accounted for, even though in most cases produce of this kind is raised by the wife and children. They are allowed no wages whatever for the work they do, and the farmer is billed for income tax on all the income received from the sale of all produce, whether raised by himself, his hired help, or his wife and family. Then again under the same heading I see this paragraph:

Produce raised on the farm and consumed in the farm home: Include only commercial produce raised for sale as part of regular farm operations. Do not include produce of unsaleable quality or produce from family garden. Value at price you would ordinarily receive for the produce.

I understand that in the Edmonton district a charge of $50 is made against each member of the family for produce grown and consumed on the farm. I should like some definite information in connection with this clause, which, I understand, has been causing a great deal of trouble, because there is not uniformity of administration.

Mr. ABBOTT: If my hon. friend will allow me, I shall have that looked into. It will not be possible to give an answer tonight, but I will try to give it on the section of the bill relating to the income tax schedules.

Mr. FAIR: I would be glad if the minister would do that.

Then, before getting away from some other points that have been raised, I should like to ask the minister some questions in connection with the brief presented not so long ago by the Alberta Farmers' Union and the United Farmers of Canada, Saskatchewan section. On May 12, when I was speaking on the budget, I did not have sufficient time to complete what I wanted to say, so I am going to bring these points to the attention of the minister now so that he may give me the answers at the same time.

These organizations are asking for a four-year average for income tax purposes, for farmers. I realize that we now have a three-year average, but I believe that should be extended to four or even five years in order to give a fair average. Then they recommend that in the case of dispersal sales of live stock, an equivalent number of animals to those owned on January 1, 1941, be considered a capital asset and not subject to income tax. I believe there is just cause for complaint in this connection, and I should like very much to have the minister give this matter consideration also.

Next they ask that the exemptions be increased to $1,200 and $2,400 for single and married persons respectively. The minister has told us there will not be any changes in the exemptions this year, but I am going at least to request that further consideration be given this point.

The next request is that an allowance be made for the labour of farm families in connection with production on the farms. For many years those of us who represent agricultural constituencies have been trying to get some allowance or some exemption from income tax on account of the work done by farm wives and families. Up to the present time we have not been successful, but I am hoping that at last the government will see that some justice is done in this connection.

Then, as has been pointed out by the hon. member for Calgary East, these organizations request that the farmer should not be made responsible for income tax deductions from the wages of his hired help. As the hon. member has said, farm help is scarce; if a farmer collects the tax on the wages of his hired man, that man will just go to the farmer next door and get a job there, and the first farmer will be left without help.

Then they recommend that payments of arrears of principal on the farm home, and on machinery debts and all that kind of thing, contracted prior to 1940 when we were coming out of the depression, should be allowed as an expense of the year in which the payments are made.

They also request that the income tax form be simplified. If all the farmers were bookkeepers they would be able to get along with the present forms, but since they are not bookkeepers it is quite a job for them to make out these returns.

Then item No. 12 in this brief requests uniformity of interpretation and administration of the act, and I believe that request should be given consideration.

Another question which has caused some trouble is in regard to the expense incurred by farmers in brushing and breaking land. I find that in some cases a farmer who has hired an outside man, perhaps a contractor, to clear and break his land is not allowed that expense as a deduction. In one instance which I referred to the department, they did allow

the cost of breaking, because that was ploughing, but not the cost of brushing; but before this particular piece of land could be ploughed, it had to be brushed. I believe that should be taken into consideration as an expense and allowable in the year in which payment is made. If the farmer hires a man by the month or by the year and has him do that work, there is no question whatever about the expense being allowed as a deduction.

Then I believe money expended in drilling or boring wells or excavating dugouts on the farm, together with all equipment for this work, should be chargeable as a current expense. That has not been done in the past; only recently, I think, have farmers claimed depreciation on wells and other things of that kind. I believe consideration should be given this request also.

Then I am going to give the minister a suggestion that was made by one of my constituents in Hughenden, a man named Nicholson, who discussed the income tax with me last fall. He suggested that the government include in its programme of public information some information dealing with the making up of income tax returns by farmers. If the government does not find it feasible to do this by way of radio programmes I would suggest that a booklet be made up setting out the things allowable as expenses and giving all other information, so that farmers may understand exactly what the department expects of them in connection with filing their returns.

Mr. ABBOTT: I shall take note of my hon. friend's questions and try to give him an answer later.

An hon. MEMBER: Eleven o'clock.

The DEPUTY CHAIRMAN: Shall I report the special war revenue resolutions?

Mr. ABBOTT: What is the wish of the committee with respect to these income tax resolutions? Do we carry on, or could we pass them?

Some hon. MEMBERS: Stand.

Some hon. MEMBERS: Carried.

Mr. ABBOTT: I do not want to press it, but we have had three hours of discussion on the income tax rates. There are a number of other resolutions we have to discuss, so I wonder if we could not carry these.

Mr. MACDONNELL (Muskoka-Ontario): Which do you refer to?

Mr. ABBOTT: I refer to resolutions 1, 2 and 3. They are all together. Then, under the other ten resolutions, we could carry on with the matters therein dealt with.

Mr. FLEMING: I have one question in respect of resolution No. 3.

An hon. MEMBER: Eleven o'clock.

Mr. ABBOTT: Perhaps I could answer the hon. member's question on the next section, if the committee would agree to that procedure. I am anxious to make progress; that is all.

Mr. GREEN: Why not let the first resolution pass?

Mr. ADAMSON: The first two.

Mr. ABBOTT: Then I understand the committee is prepared to pass resolutions 1 and 2.

Resolutions 1 and 2 agreed to.

Resolution 3 stands.

Progress reported.

EXCESS PROFITS TAX ACT, 1940

Resolutions reported, read the second time and concurred in.

SPECIAL WAR REVENUE ACT

Resolutions reported, read the second time and concurred in.

On motion of Mr. St. Laurent the house adjourned at 11.05 p.m.

Thursday, May 29, 1947

The house met at three o'clock.

REDISTRIBUTION

Second and third reports of the special committee appointed to consider Bill No. 18, to readjust the representation in the House of Commons.—Mr. Power.

PRIVILEGE

MR. MCIVOR—REFERENCE TO PRESS REPORT ON LIBERAL LEADERSHIP

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, on a question of privilege, there appears on the front page of the Ottawa *Citizen*, and also of the Ottawa *Journal*, this headline: "Mentions McGeer To Succeed King". My correction, sir, is that while we thank the hon. member for Peel (Mr. Graydon) for his brain wave, we of the Liberal party will be satisfied for the next ten years with our present leadership.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, I hope that my hon. friend took note that I did not choose the next leader of the Liberal party. All I suggested was that there was an additional man mentioned. I do hope that we shall not reach the stage very soon when it will be libellous to mention a man in connection with the leadership of a great party such as that.

MR. COCKERAM—REFERENCE TO ARTICLE IN TORONTO "DAILY STAR"

Mr. ALAN COCKERAM (York South): Mr. Speaker, on a question of privilege, I refer to an article in last night's *Daily Star* headed "Gold Industry Using Powerful Lobby in Ottawa". The article contains two paragraphs, as follows:

A powerful pressure campaign by gold mining and associated industries is under way in Canada to force the federal government to help them, informed sources said today.

Veteran observers here say nothing like it has been known since the days of the great railway lobbies in the pioneering era, when governments were made or unmade by these powerful interests.

As one who is actively engaged in the gold mining industry, and who has had much to say in the house on behalf of that industry, I deny absolutely that there is any such thing as a lobby. This article is, in my opinion, a figment of the imagination of the writer, and does much harm to an industry which at present is going through very difficult times.

MR. FLEMING—ERROR IN VOTES AND PROCEEDINGS OF MAY 28

Mr. DONALD M. FLEMING (Eglinton): On a question of privilege may I draw your attention, sir, to what appears to be an error in the *Votes and Proceedings* of yesterday. At page 461 *Votes and Proceedings* records that resolution No. 5, Special War Revenue Act, was reported favourably by the committee of ways and means yesterday. As will be seen at page 3592 of *Hansard,* this particular resolution was withdrawn in the committee by the Minister of Finance (Mr. Abbott). I think clearly there is an error on page 461 of *Votes and Proceedings.*

Mr. SPEAKER: I have taken note of the remarks made by the hon. member and shall direct that the correction be made.

Mr. MAYHEW: I thank the hon. gentleman for bringing this matter to the attention of the house. This resolution was dropped, and it appears in *Votes and Proceedings* in error; I would ask that it be changed.

[Mr. McIvor.]

REPORTS AND PAPERS

Mr. MAYHEW: I desire to lay on the table copy of order in council P.C. 2109, dated May 27, 1947, passed under the provisions of the Unemployment and Agricultural Assistance Act, 1942, renewing loan of $2,448,000 to the province of Alberta for one year from June 1, 1947, and accepting as security therefor treasury bill of the said province bearing interest at the rate of three per cent per annum.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

WAR ASSETS—MACHINE TOOLS AND EQUIPMENT

Mr. CASTLEDEN:

1. What machine tools and equipment, if any, were sold by war assets corporation to (a) Montreal Locomotive Works; (b) Canadian Vickers Limited, Montreal; (c) Associated Machinery Corporation Limited, Montreal; (d) Goodyear Tire and Rubber Company, Toronto; (e) Massey-Harris Company, Toronto?
2. What price was received from these companies for this equipment?
3. What was the original cost of this equipment to the Canadian government?

Mr. McILRAITH:

1. In order to obtain the information required to answer this part of the question, thousands of availability sheets would have to be copied and checked by War Assets Corporation personnel and would involve some three to four months work. Some indication of the large number of items involved is to be found in the answer to Part 2 which shows the dollar value of machine tools and equipment disposed of.

2. The following amounts: (a) Montreal Locomotive Works, $407,147.74; (b) Canadian Vickers Limited, Montreal, $511,169.92; (c) Associated Machinery Corporation Limited, Montreal, $1,998,319.11; (d) Goodyear Tire and Rubber Company, Toronto, $262,615.55; (e) Massey-Harris Company, Toronto, $172,-194.91.

3. War Assets Corporation does not maintain a record of original costs of equipment which it receives for disposal.

WAR ASSETS—PURCHASES BY SUMAC COMPANY

Mr. CASE:

1. Have varied types of goods been purchased from war assets corporation by Sumac Company Limited of Ottawa? If so, what goods?
2. When were they purchased and what were the prices paid at the time of purchase?

Mr. McILRAITH:

1. Yes. Shaving brushes, tooth brushes, whisk brushes and incomplete army trucks.

2.

July 24, 1946

Item	Quantity	Unit Price	Total
Shaving Brushes	2,064	$ .25 ea.	$ 516.00
	108	.35 ea.	37.80
Tooth Brushes	47,291	.05 ea.	2,364.55
Whisk Brushes	3,222	1.73 doz.	464.50

April 14, 1947

Incomplete Army Trucks	624	400.00 ea.	249,600.00

MUNITIONS AND SUPPLY—CONTRACTS WITH OTTAWA CAR AND AIRCRAFT

Mr. COLDWELL:

1. How many contracts between the Department of Munitions and Supply and the Ottawa Car and Aircraft and for what amounts were signed between September 1, 1939, and December 31, 1945?

2. How many of these contracts were filled?

3. How many of these contracts were cancelled?

4. Were advance payments made on any contracts which were later cancelled?

5. Have all cancelled contracts been settled?

6. If not, what contracts remain to be settled, and what amounts of money are involved in them?

Mr. McILRAITH:

1. The following purchase orders and production contracts:

Year	Purchase Orders	Production Contracts	Amount
1939	33	..	$ 132,276 00
1940	209	..	235,082 00
		1	3,941,955 00
1941	187	..	467,266 00
		1	1,640,854 00
1942	30	..	1,195,485 00
		1	2,250,000 00
1943	21	..	54,270 32
1944	86	..	11,086 00
1945	66	..	184,564 00
	632	3	$10,112,838 32

Note: Of these 632 purchase orders, 601 were for amounts of $5,000 or less.

2. 621 purchase orders and 2 production contracts were filled.

3. 11 purchase orders and 1 production contract were cancelled.

4. Yes, on 1 production contract.

5. Yes, all cancelled purchase orders and production contracts have been settled as to price and terms.

6. Answered by No. 5.

CANCER

Mrs. STRUM:

From 1935 to 1945 what was the annual expenditure through the national research council directed at finding the cause and cure of cancer?

Mr. McILRAITH:

1935 to 1938	Nil
1939	$1,277 16
1940	Nil
1941	672 84
1942	342 00
1943 and 1944	Nil
1945	2,072 50

Note.—The National Research Council has not established medical research laboratories under its own auspices but since 1938, through an advisory committee on medical research, has stimulated and correlated research by medical scientists in the laboratories of the various medical schools throughout Canada, where the necessary facilities for such work already exist.

Any person qualified to direct medical research and having the required fundamental laboratory facilities at his disposal, may apply to the council for a grant in aid of a specific research project on which he desires to work, and if the proposed project is approved by the advisory committee, a grant in aid of the research may be awarded by the National Research Council.

OFFICIAL HISTORY OF WORLD WARS I AND II

Mr. DIEFENBAKER:

1. How many volumes of the official history of world war I have been published? What periods are covered thereby?

2. When will further volumes covering the rest of the war be forthcoming?

3. Is a history of world war II being prepared, and if so, when is it anticipated that the first volume will be available?

Mr. LAPOINTE:

1. Two volumes. One deals with medical services; the other volume comprises volume I—general series, Official History of World War I, covering period from the commencement of the war in August, 1914, to September, 1915, with another volume of appendices and maps relative to the same period.

2. No further volumes will be published but the material collected will be made available for qualified historians and others.

3. Yes. Histories of world war II are planned as follows:

Present plans are that the naval history will have three volumes, of which two should be published during the current fiscal year and the third next year.

The army has already published three popular accounts under the heading "The Canadian Army at War" of which No. 1 covered "The Canadians in Britain 1939-44", No. 2

from Pachino to Ortona "The Canadian Campaign in Sicily and Italy, 1943" and No. 3 "Canada's Battle in Normandy." A total of 33,000 copies of these three numbers have been published and distributed and they are now out of print. A reprint is now in the hands of the printer. The Canadian army historical section has in course of preparation a one-volume history of the Canadian Army during the war which will be published during the current fiscal year. It has also in course of preparation, a four-volume history to be published over the next four years. The final volume will contain a general account of the work of all three services and of Canada's war effort as a whole.

Two volumes of a popular narrative of the R.C.A.F. overseas have already been published. The first, "The R.C.A.F. Overseas: The First Four Years" was published in 1944. 13,000 were printed, 11,500 were sold. The second, "The R.C.A.F. Overseas: The Fifth Year" was published in 1945 and 3,500 copies were sold. These were published by the Oxford University Press with private backing and the proceeds went to the R.C.A.F. benevolent fund. The third volume completing this story is in course of preparation and should be printed this year.

CANCER

Mrs. STRUM:

What was the total annual number of cancer deaths in Canada during the period 1925 to 1945?

Mr. MacKINNON: Number of deaths from cancer, Canada, 1925-45:

1925	7,153
1926	7,614
1927	7,919
1928	8,514
1929	8,792
1930	9,273
1931	9,578
1932	10,024
1933	10,653
1934	10,581
1935	11,156
1936	11,694
1937	11,963
1938	12,038
1939	12,399
1940	13,322
1941	13,417
1942	13,654
1943	14,135
1944	14,271
1945	14,439

[Mr. Lapointe.]

MOTOR VEHICLES—SUBSIDIES OR GRANTS ON CARS SHIPPED FROM CANADA

Mr. CAOUETTE:

1. Does the government pay any subsidies or grants for touring cars shipped from Canada?
2. If so, what amount per unit?
3. What is the total amount paid to the Ford Motor Company of Canada; General Motors of Canada and the Chrysler Corporation of Canada?

Mr. MAYHEW:

1. No.

2 and 3. Answered by No. 1.

QUESTION PASSED AS ORDER FOR RETURN

GRANTS FOR EDUCATIONAL BUILDINGS, SCHOLARSHIPS, ETC.

Mr. PROBE:

What federal grants have been expended for each province of Canada in each fiscal year since April 1, 1936, under each of the following heads: (a) capital grants for educational buildings; (b) bursaries or scholarships; (c) apprentice training grants; (d) special grants for equipment or machinery used in vocational, apprentice or non-military or non-veteran youth training; (e) grants for equipment or machinery to retraining of veterans; (f) grants toward instructors' salaries for veteran training in (i) vocational subjects; (ii) pre-university academic instruction; (iii) university instruction?

IMMIGRATION

PRESS REPORT OF PROPOSED GROUP MOVEMENT OF DISPLACED PERSONS

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I should like to direct a question to the Minister of Labour. Press reports this morning indicate that group movements of thousands of displaced persons at the request of employers in two Canadian industries are under consideration by the government and will probably take place in the near future. The reports go on to say as well that the government is considering an early movement of girls from the displaced persons camps in Europe to enter domestic service in Canada. Will the minister be good enough to give the house full information with respect to these press reports?

Hon. HUMPHREY MITCHELL (Minister of Labour): In the first place there is under way a movement of fourteen hundred men for the lumber industry in Ontario under the terms of a recent order in council—not a special order in council, but an enlargement of the basis of entry under the law. There is nothing new about that, of course. Other matters in connection with what my hon.

friend spoke about are under consideration at the moment, and when a final decision is arrived at a statement will be made to the house.

Mr. KNOWLES: From where are the fourteen hundred to come?

Mr. MITCHELL: From the displaced persons camps.

LABOUR CONDITIONS

STRIKE AT OTTAWA CAR AND AIRCRAFT PLANT—USE OF MOUNTED POLICE

On the orders of the day:

Mr. ALISTAIR STEWART (Winnipeg North): I should like to direct a question to the Minister of Justice. In view of a report in last night's Ottawa *Citizen* will the minister assure the house that the R.C.M.P. will not be used in the Ottawa Car and Aircraft strike?

Right Hon. J. L. ILSLEY (Minister of Justice): Police are not used in a strike; they are used in the maintenance of law and order. I regret to say that no such assurance as that asked by the hon. member can be given, and I think my hon. friend is well aware why no such assurance can be given. If a request is made through the regular channels the request will be considered and dealt with in the usual way in accordance with well established practice.

FUR

REPORT AS TO UNITED STATES EMBARGO ON CANADIAN MINK PELTS

On the orders of the day:

Mr. J. O. PROBE (Regina City): This morning I addressed to the Secretary of State for External Affairs a question which may be a problem for him or for the Minister of Trade and Commerce. If the matter comes under the jurisdiction of the Minister of Trade and Commerce probably the question will be considered as a notice. Has the Secretary of State for External Affairs been informed by the United States government that they propose to place an embargo on Canadian mink pelts? What action has the minister taken in this matter?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): The short answer to the question is no. This rumour apparently arose out of testimony given before the subcommittee of the agriculture committee of the house of representatives, which is now investigating the fur industry in the United States. The hon. member will recall that there was a similar rumour current last December, and that it was denied by the state department.

HOUSE OF COMMONS

STATEMENT OF MR. SPEAKER WITH RESPECT TO READING OF SPEECHES

Mr. SPEAKER: The debate on the budget has now been concluded. The house has taken steps by appropriate resolutions to facilitate its consideration of the business of the session still to be dealt with.

I thought, therefore, it would be opportune and meet with the approval of the hon. members if I drew attention to one of the rules of the house that has been frequently disregarded in previous debates, and perhaps particularly in the debate that has just finished.

Suggestions are frequently made with regard to amendments to the rules governing the business of the house, and I have no doubt these could be improved. However, I would point out to hon. members that rules are of little value unless they are observed, and that this can be achieved only by the cooperation of hon. members themselves.

The rule to which I have referred is that a member when speaking should not read from a written, previously prepared speech. As early as the year 1886, the House of Commons of that day adopted the following resolution:

> That the growing practice in the Canadian House of Commons of delivering speeches of great length, having the character of carefully and elaborately prepared written essays, and indulging in voluminous and often irrelevant extracts, is destructive of legitimate and pertinent debate upon public questions, is a waste of valuable time, unreasonably lengthens the sessions of parliament, threatens by increased bulk and cost to lead to the abolition of the official report of the debates, encourages a discursive and diffuse, rather than an incisive and concise style of public speaking, is a marked contrast to the practice in regard to debate that prevails in the British House of Commons, and tends to repel the public from a careful and intelligent consideration of the proceedings of parliament.

Long usage both in Canada and the United Kingdom has sanctioned the rule that a member while speaking must not read from a written, previously prepared speech—Bourinot, page 335, Beauchesne's third edition, page 102, May, fourteenth edition, page 417. I am sure hon. members will agree that the best tradition of House of Commons debates is served by a member using his own language and delivering his remarks in the form of an unwritten composition. If the rule were otherwise members might read speeches written by other people and the time of the house

be taken up in considering the arguments of persons who are not the properly elected representatives of the people.

I have noticed that quite understandably non-observance of the rule by one or more hon. members encourages others to do likewise.

I urge therefore that hon. members give practical recognition to this rule, and in future, refrain from reading their speeches. I am sure that this will be in the best interest of the house and the proper conduct of its business.

Mr. GRAYDON: May I ask Your Honour whether that applies to Your Honour as well?

Mr. SPEAKER: A few days after I had been selected by this house as its Speaker I noticed a similar question in a newspaper, but I do not believe that the hon. gentleman who has just made that remark had anything to do with it. However his remark is not a contribution to the dignity and decorum of this house.

Mr. CHURCH: Our rules are like the domesday book.

NATIONAL HOUSING ACT

INCREASE OF RATIO OF LOAN TO LENDING VALUE UNDER PART I, ETC.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply) moved the second reading of Bill No. 176, to amend the National Housing Act, 1944.

Mr. C. C. I. MERRITT (Vancouver-Burrard): Mr. Speaker, I propose to make a few remarks on this bill to amend the National Housing Act. As I understand it, the bill is an attempt to bring down the costs and carrying charges of housing in Canada. The minister is of course approaching the problem by attempting to increase the amortization periods and lower interest charges, which is something for which we should give him credit. Certainly it is a step in the right direction and one might say, so far so good. But I wish to say to him, and I hope to say it in such a way that it will stick, that he will never get anywhere this way, and we shall never have the lower income groups in this country properly housed by picking at the problem as he is doing.

We have seen in recent weeks the failure of the Housing Enterprises scheme. We know that the wartime housing programme, although very valuable as a temporary measure in these difficult times of housing, offers no long-term solution to the problem of low rent housing. The minister himself has said it is a temporary measure and that he will withdraw from the field. The fact remains with us, as has been said so many times from the opposition benches since I have been in the house, that the housing of the low income groups requires houses for rental at $25 a month or less.

We have rightly been concerned in the past two years with the immediate problem of veterans housing, and that need goes on. I am not discussing that subject at this moment. I have discussed it many times before. But the fact that that need is with us is perhaps hiding from our gaze another important fact, that there is a long-term low-rent housing problem and a slum problem in Canada.

I have here a housing survey made by the Vancouver Housing Association in my own city in 1939 and brought up to date in 1946. It is a most excellent examination of housing conditions in Vancouver, prepared by experts who did years of work on it. It not only sets out arguments for slum clearance and low rent housing but does something else that is very valuable indeed. It gives some facts and figures on the bad housing conditions in a Canadian city. Too often we have to go to United States cities to get these figures.

I wish to give a few excerpts from this report, which will not be all inclusive but yet will give us some idea of housing in one Canadian city today. I will not refer to the particular areas I am talking about. Although they are set out in the report, I do not want to single out any area in Vancouver for unfavourable mention.

The first extract I want to read is this:

> No less than 59 per cent of the houses surveyed in this area were found to be in multiple occupancy, and over 40 per cent of the "rooming" population was living at a density of two or more persons per room. Compare this figure with the commonly accepted minimum standard of room occupation of one person per room . . . The majority of the rooms are rented as housekeeping units, but few of them have adequate facilities for washing, cooking or food storage. Under 10 per cent of the rented rooms had sinks or washbasins and only 5 per cent of the houses in multiple occupancy had more than one bath. Cases of twenty, forty or even fifty persons sharing one bathroom were found. East of Granville street over half the houses were heated by stoves only and a large proportion of the rooms in these houses were inadequately heated.

Referring to another area I read this:

> Fifteen per cent of the houses surveyed in this district required major structural repairs; probably at least half of these houses are beyond repair and should be demolished. Seventeen per cent of the houses lacked baths. Four per cent had outside toilets. Only twenty-five per cent had central heating.

Then referring to another area:

> The housing throughout this area is of very poor quality. In the . . . section, where conditions are worst, 18 per cent of the houses sur-

veyed were in very bad repair, 19 per cent had no baths, and 7 per cent were badly crowded. Interspersed with industrial buildings and bisected by the interurban tracks, this area bears all the hallmarks of a slum.

The report goes on to describe the existence of numerous cabins, waterfront shacks and house boats, and there is reference to many houses the rooms of which have no access at all to outside air. Although I will not burden the house with this, there are listed also numerous cases, which the people making the survey found, of families living in the greatest hardship and under dreadful conditions.

I want to put my view on record as strongly as I can. I am certain that we shall never solve the housing problem in the low income groups without a subsidy on housing and without the dominion government bearing part of that subsidy and taking the lead in making the arrangements necessary to get this kind of scheme in operation.

Mr. PROBE: Mr. Speaker, may I ask the hon. member if this is his view or if it is the view of his party, when he speaks about subsidies on a federal scale?

Mr. TUSTIN: You speak for your party.

Mr. PROBE: It is a fair question, because he was putting forward his view and I am simply asking for amplification of it. Is it the view of the Conservative party or is it the view of the hon. member for Vancouver-Burrard that subsidies on a federal scale should be granted?

Mr. MERRITT: I want to say to the hon. member who puts this fair question, that if he were as much interested in getting low rental housing for the lower income groups as he is in trying to make political capital, it would be more to his credit.

Mr. PROBE: Mr. Speaker, I rise to a question of privilege. I asked the hon. member a question. I was not making a political speech at all.

Mr. GREEN: You got what you deserved.

Mr. MACKENZIE: It was a fair comment.

Mr. PROBE: Let the hon. member answer the question. That is what I want.

Mr. MERRITT: I have answered the question, and I may say that is all the attention I am going to pay to the hon. gentleman.

Mr. PROBE: It is a typical Tory answer.

Mr. MERRITT: And it was a typical C.C.F. question.

Mr. GRAYDON: The hon. member is trying to build houses with talk.

Mr. PROBE: That is all right. We can build them otherwise, too.

Mr. MERRITT: If I may go on, Mr. Speaker, I was saying that I am as certain as I stand here that this problem will never be solved until the dominion government takes the lead in bringing about a scheme of subsidies for low rental housing for those in the low income groups. I know that this session as well as in previous sessions, the minister has given his view against that. But I want to appeal to him again to change his mind and get after this problem. Faced as we are with the other problem of getting roofs over people's heads, there is some excuse perhaps at this moment for our not having such a scheme. But hon. members will recall that it was not until after a year of criticism and suggestions from this side of the house that the government got after the production of building materials so that we might deal with the present problem. They were a year late in realizing that necessity and getting after it. I do not want to see them a year late in promoting a scheme of low rental housing.

A programme like this cannot be developed in a minute. It requires cooperation at every level of government; it requires cooperation from citizens' committees, and it will require all sorts of work for whoever considers the setting up of a building company and getting going with the actual construction. When you think of the record of the government in bringing about any kind of agreement between the dominion and the provinces, you can visualize how they would be on the dominion, provincial and municipal level. That is why I am so anxious that they reverse their policy and make a decision to go after this now. I urge them not to be a year late again.

I am not advocating a sort of general wide-open building of houses by the dominion government for every person in Canada; far from it. All I am advocating is that cases of real need be taken care of. If we restrict any such scheme to cases of real need, the government will not have to worry about the cost which would be involved. It is not a question of making a hand-out to everyone in Canada; it is only a matter of dealing with the cases in which actual physical living conditions are now so greatly below standard as to imperil the health and the social security of the people. Any study I have made and any figures I have been given by responsible people indicate that if you tie your subsidized low rental housing scheme to slum clearance and see to it that the people you move into the houses are moved out of quarters which are unfit for human habitation, then you can keep your scheme under control and you do

not let it get out of hand financially. Moreover, you have basic social security, a much better kind of social security, in my submission, than that provided by paying out cheques every month—even although measures of that kind may be necessary too. But I suggest that by this kind of scheme you are making a fundamental approach to the improvement of the health of the nation, and you are making a real contribution to the removal of juvenile delinquency. We have had one debate on that very important point, and we shall have another when we come to consider the Penitentiary Act again.

I want to give one more excerpt from this report on the contribution that would be made by a housing scheme to the solution of juvenile delinquency. Again I have actual figures obtained in this survey of a Canadian city, which will indicate what connection there is between housing conditions and juvenile crime. Again I shall not refer to the particular area. "In this area between such and such streets the average delinquency over the five years 1930-34 was fifteen delinquents per hundred of school population of comparable age as compared with under three per hundred in the outer areas of the city." I think that is a most striking example. The same report gives the costs of administration of police, social and other services in areas of the city, and it is shown that these figures are about the same in areas where housing is good, but that the costs are comparably higher in areas where housing is bad.

This matter has been discussed many times in this house, and my only reason for bringing it once more to the attention of the minister is that I feel that this is perhaps the latest time a scheme like this could be prepared and put into operation without again being late in meeting a real housing emergency. No doubt the agreement would be difficult to negotiate because three levels of government are concerned and each government would have to make some financial contribution. The proportions would have to be arrived at and of course the actual building would have to be done by a municipal or some other non-profit housing corporation. No city or province could go into it without the dominion giving a lead, because they would not dare embark upon that kind of expenditure alone. The matter is entirely in the hands of this government to do or not to do.

I conclude by saying that it would be more than inexcusable if the government were again late in embarking upon a programme which any government in Canada is bound to carry out in the next few years.

[Mr. Merritt.]

Mr. R. N. JUTRAS (Provencher): Mr. Speaker, I assure you that I shall take only a few minutes of the time of the house this afternoon, but I should like to make a few general observations as well as offer some earnest suggestions on this subject to the Minister of Reconstruction and Supply (Mr. Howe). My purpose in speaking is to draw the attention of the minister to the aspects of our housing problem which particularly affect the rural parts of the country. I feel that the government has been so busy and preoccupied with providing housing in the urban centres that it has done very little to assist in providing housing in rural parts. I know that there are difficulties to be faced, but the present legislation does provide for assistance in providing housing on farms and in rural areas.

Owing to conditions beyond our control the provisions of the act have not been applied to any extent to rural areas. They have been applied mainly to the larger towns and cities; I think I am quite right in saying that it has been found impossible to take advantage of them to build houses in the small villages and rural communities. I have analysed the act and the amendments provided by this bill and I feel sure that once he has been given these new powers the minister could carry out all the suggestions I am going to make.

The various government housing schemes which have been carried out in the last few years have been of great assistance to the cities. One needs only to go to Winnipeg or St. Boniface, to mention two cities in the central part of Manitoba, and he will see street after street of new houses which have been built in the last two or three years. That is a very happy condition and everyone who comes back to Winnipeg after having been away for a year or two notices it. It is all very well, and I rejoice with everyone else because these new houses have been built, but unfortunately this condition has had a counter-effect upon the rural parts of Manitoba.

There has been a siphoning off of people from the rural parts to the cities to a far greater extent than many realize. I suppose this is a natural consequence of the many new houses which have been built in the cities. As no houses have been built in our small villages or on the farms there is a tendency for people to move to points where houses are available. Contrary to common belief the people migrating to the cities have not been the younger people; it has been mostly older people. I know of many people who have retired from farms and instead of

settling down in the village or town as they used to do in years gone by they have gone up to the city and bought a house. It is mostly these older retired people who have migrated to the city.

The provisions of this act have been taken advantage of in the larger towns and cities because the lending companies have felt that their investment was a little safer in those places and they were willing to make loans for houses. The small villages have been completely left out. In many of these villages there are no industries and the lending companies have felt that it would not be a good investment to lend money on houses. I hope that under the new amendments to the bill more assistance will be given to housing in the smaller villages. If this were done I believe that housing conditions in the cities would be alleviated. My suggestion to the minister is that more attention should be given to the small villages and unincorporated towns, as well as to the building of houses on farms.

Unfortunately very little has been done to promote better housing on our farms. So far the government has not even offered any suggestions to our farmers as to how they can get economical, decent and pleasant homes. I have here a booklet, containing a series of plans and designs, which was issued by the national housing administration. These plans are exclusively for homes for urban areas, although some of them could be adapted for use in larger towns. None of them could possibly fit the needs of any farmer, nor would they be suitable for homes on farms.

My further suggestion is that in order to fill that tremendous gap, to meet that pressing need, the minister at once conduct a competition in all the nine provinces to secure plans, designs and specifications for rural and, more particularly, farm housing. The minister has the power to do it. It is definitely stated in the act; all he has to do is to say the word and the thing will be done. If he does that, a great many people throughout Canada will be grateful and it will mean a service worth millions of dollars to that section of our country.

After all, in this country which is predominantly agricultural, a good third of the population are living in rural homes. There is a definite need for help, or for the giving of suggestions to the farmers, particularly when it can be done without great cost to the government, and would render such great service to all concerned.

Water is the one item which hampers housing operations in rural sections. This applies more particularly to my district, although it has some application generally throughout western Canada. I will refer to one instance in particular. In the Red River valley water is available, but unfortunately it is so alkaline that it cannot be used for household purposes. Under the heading of research, and at little cost to the government, the minister could give a helping hand if he were to send one or two scientists out there to make a complete analysis of the water supply in that area, which serves a large number of people. I would suggest that the water be analysed to see what can be done to improve it. Many companies have claimed that they could make first-class water out of it; but my understanding is that so far the cost has been prohibitive. I am sure that with a little research means could be found of purifying the water. This would mean a good supply of pure water for, I would say, half of the province of Manitoba. And I know this problem exists in many other parts of Canada.

If more attention were directed to housing in rural areas, the housing problem in the cities would be partly solved. As I said before, migration of people from the rural parts of Manitoba to the cities has been our greatest problem. I have made it a point to discuss the matter with individuals who have migrated to the cities, and the answer I received was that in most instances they had reached the age of retirement and had turned their farms over to their sons. They pointed out that they did not feel like entering into construction operations under conditions such as exist today. So much bother and cost was involved that they simply went to the cities and bought old houses.

Hon. members know that despite the housing shortage in various cities, anyone with cash can go to a city and buy a house. In the newspapers one always sees two or three columns listing houses for sale. That is exactly what these farmers have done. Young people who would have put up houses in towns have not the resources and cannot get the necessary assistance because, as I pointed out, the act is not applicable to smaller towns. Consequently younger people are in no position to put up houses. On the other hand the older people do not feel the urge and have reached an age where they do not wish to take the responsibility of building.

The result is that the younger people take the place of the older folk, and those older folk in turn migrate to the cities. Our rural population is decreasing, while that in the cities is increasing, and this adds to the headache of both federal and provincial governments.

I feel sure that if the minister will look into this matter he could render tremendous help to the people in rural areas, while at the same time give assistance to those in urban areas.

Mr. A. M. NICHOLSON (Mackenzie): Mr. Speaker, I should like to congratulate the hon. member for Provencher (Mr. Jutras) upon the helpful contribution he has made to the debate. I share the opinions he has expressed so well with regard to rural housing in Canada. I have the doubtful honour of representing a constituency where, according to the 1941 statistics, based on such well known standards as availability of electricity, fireproof chimneys, electric lights and running water, we have the worst record in all Canada.

I have not been unmindful of the problems of the people I represent. In the past when discussing housing I have approached the problem from a broad point of view, realizing that there is not much likelihood of our solving the housing problem in Saskatchewan, and in Mackenzie constituency in particular, until we can get some machinery which will make possible modern low-cost housing all across Canada.

I am afraid I am not as optimistic as the hon. member for Vancouver-Burrard (Mr. Merritt) with regard to the usefulness of this particular bill. In the final analysis, of course, I shall support it, because it does offer some improvement. It does make it possible for direct loans to be made where at the present time it is impossible for people in many parts of Canada to take advantage of the machinery.

I should like however to devote the time at my disposal this afternoon to focusing attention on the critical situation still existing in Canada, which will not be improved by these minor changes in the National Housing Act. Indeed, if it were not for the outstanding contribution the Minister of Reconstruction and Supply (Mr. Howe) made during the war, I would be pressing for his resignation, on account of the housing conditions in Canada. I want to say however that the people of Canada, and indeed those of the united nations, will always be grateful to the minister for the imaginative way he discharged his duties during the war. I hold in my hand one of the Canadian information service publications. These are publications which are sent to other countries and which reported on Canadian achievements during the war. All hon. members can be proud of this accurate record of performance. At page 27 we find a table giving the estimated value of war production—merchant vessels, naval vessels, aircraft, mechanical transport, armoured fighting vehicles, guns and small ammunition, small arms, chemicals, instruments, defence construction and government financed expansion. These costs are set down at a grand total of $11,501 million. Then at page 47 we find a summary of Canada's mutual aid expenditure. Again in this connection the Minister of Reconstruction and Supply must receive a good deal of credit for making available to our allies—to Australia, the British West Indies, China, France, India, New Zealand, U.S.S.R., and the United Kingdom—goods to the value of $2,575 million. This means that the minister was responsible for expenditures during the war years running over $14 billion.

All I am suggesting is that the responsible minister who was able to organize Canadian man-power and materials to such an extent, and to achieve such performance during the years of war, must be able to do better than the present development in housing would indicate.

I have another of the Canadian information service publications available in other countries which tell in a graphic way of what has been done. The minister of reconstruction is personally interested in many of these achievements. We find on page 9 pictures of the Shipshaw power development; on another page pictures of ships being launched; on another page pictures of shells that were manufactured, and pictures of elevators which were built by the minister before he entered public life.

I have here the white paper presented to parliament by the minister in April, 1945, and at page 14 under "Public Investment" I find this:

> The post-war employment problem is not to be solved by huge expenditures on "public works." Efforts to increase and stabilize employment and income must pervade all economic policies. On the other hand, it is the firm intention of the government to institute a system of managing its capital expenditures so that they may contribute to the maximum to the improvement and stabilization of employment and income.

The white paper makes it very clear that the Liberal government of Canada in no way is to be handicapped by financial difficulties in government financing, for at page 21 it says:

> In these circumstances, the government considers the post-war debt problem to be quite manageable.

There was no worrying about Canada's debt, and very few members from any part of the

country took time in the budget debate to complain of Canada's national debt. The white paper goes on:

> Fiscal policy during the war has necessarily been based on economic as much as purely financial consideration. It is proposed to extend that practice into the post-war years and apply war experience to the problems of peace.

If this white paper means anything, now is the time for the administration to demonstrate that its observations had application to the problem of housing. Members of the house will recall that in the debate on the address on February 7 of this year the minister gave us quite a rosy picture of the housing situation, although there were a few discordant notes in his speech. He said:

> I also realize that the accomplishment of a target is dependent upon the ability of the Canadian people to absorb new housing at the present level of building costs. Further, the need for housing is so great that any target should be set at the very limit of possible accomplishment. In 1947 we will be making a vigorous effort to meet a target of 80,000 residential units.

Further on he said:

> As in 1946, we will continue to rely for the major portion of our new housing upon private endeavour. It is our policy to ensure that as much new housing as possible be built by private initiative. Towards this end we will lend every facility. If, however, for any reason the supply of housing by private initiative is insufficient, then and then only will the dominion government take a direct position in the housing field. I have already dealt with a number of operations in which the dominion is already participating for this reason. We would be very happy to withdraw from these activities, but, at the present time, this much needed type of housing would not be produced by other means.

That speech was delivered in the house on February 7. On May 15 the Ottawa *Journal*, under the heading "Government concurs with dropping of Ottawa housing, says Howe" carries this story:

> The 1946 programme now is well advanced, and it is apparent that practically every project will exceed the "target" price, and that correspondingly high rentals will result.
>
> It had been originally anticipated that rentals might be of the order of $35 to $40 for four-room units. Because of increased building costs, rentals calculated upon the formula are considerably higher.
>
> Even in the 1946 programme it would be extremely difficult to meet the rental level originally anticipated.

These comments were made at the time the announcement was made that Housing Enterprises Limited was abandoning plans for a $3,000,000 apartment project along Mann avenue in Ottawa and a similar undertaking amounting to $1,500,000 in Toronto. The Ottawa project was to house 408 families and the Toronto project another 200.

Recently I have received a report on the number of building permits issued in January, February and March of 1946 as compared with 1947. It is significant that there is a marked falling off in the first three months of 1947 as compared with 1946. In 1947, 4,807 building permits were issued for dwelling units, as compared with 5,512 in 1946. The reports from all parts of Canada indicate that there are not going to be buyers for a much longer period for houses selling at present prices.

I would draw the attention of the house to the fact that only a very small percentage of Canadian families are in a position to pay a monthly rental of $50 or more or to buy houses at prevailing costs. An analysis of taxation statistics published by the Department of National Revenue shows that there are only 183,318 taxpayers in Canada with an income of $3,000 or more. A rent of $50 a month is what might reasonably be expected from this group. Another 126,900 taxpayers receive from $2,500 to $3,000. They could afford to pay $45 a month, or if they were prepared to increase their rent payments and get along with older clothing and pass up the medical and educational expenses they would normally make they might be able to pay $50 a month. Those two groups total 310,218. They include single taxpayers with no dependents.

There are 293,500 making from $2,000 to $2,500. They could afford to pay $36.50 per month, on the assumption that one-fifth of one's income should go for housing. There are 903,930 taxpayers and non-taxpayers making between $1,000 and $2,000 a year. They cannot afford to pay more than $25 a month. There are 345,400 married men earning under $1,000 a year, and they cannot afford to pay more than $12 a month rent. So you see, Mr. Speaker, we have more than a million families who must find housing at $25 a month or less, and 345,000 who are getting so little income that $12 is the maximum they should plan for shelter.

In view of these statistics it cannot be denied that we have almost reached the saturation point in disposing of housing built at present prices in Canada. The situation throughout Canada is the same. I have received a copy of a letter which went to the Prime Minister from the Citizens' Housing and Planning Association of Toronto. I assume that all members received a copy of this letter. The chairman of the committee is

Mr. Clark, the vice-chairman Mrs. Luffman, and the secretary, Mrs. Donald Fraser. I am not acquainted with any of these people, but the committee comprises quite an impressive list of persons. In the committee's letter to the Prime Minister some caustic comments are made regarding Canada's housing situation. They say:

The housing policy of your government may be summed up in three points:

(1) Belief that private enterprise can and will build a sufficient supply of rental housing for Canadians. This conviction has been repeatedly asserted by Mr. Ilsley and Mr. Howe in parliament. It is contrary to the findings of your own experts in the Curtis report; it is contrary to the experience of every other country, and hence has been consistently opposed by this organization.

(2) Opposition to public housing authorities, as expressed in the interpretation of the National Housing Act by Mr. Ilsley and Mr. Howe, and only recently modified for Toronto.

(3) Denial of federal responsibility for a public housing programme, alleging this to be primarily a provincial responsibility.

It is pertinent to look at the Canadian situation in the light of this policy. and the recent decision of housing enterprises.

(1) The failure of housing enterprises to achieve rental housing plainly disproves the claim that private enterprise will build rental housing for the middle income group. Private enterprise was not interested in building such housing and considerable pressure has to be exerted by your government on the insurance companies to bring them into this field. Now they give up and say it cannot be done. Valuable time and effort have been spent to prove what was clear at the outset—that housing for a large section of our population has to be public housing.

(2) If we are to have public housing, we need municipal (or regional) housing authorities, as in England and in the United States. These must be allowed for and encouraged by the federal policy.

(3) The government of Canada can no longer evade responsibility for a positive policy of housing for Canadians. The need is national and urgent; many of the factors in creating it and meeting it are a national responsibility. Leadership and planning on a national scale are essential and urgent; the provinces are neither equipped nor prepared to operate in this field. Denial of federal responsibility only postpones action still further; some provinces could not act at all, and the cross-country picture would be one of gaps, unequal standards, delay, and confusion; of this we have had too much already. A clear national policy is required to meet this national domestic emergency.

Thousands of good Canadian families are trying to live under desperate housing conditions—in tents, in trailers, in factory buildings, stores and shacks of all kinds. Local health authorities have virtually ceased to try to enforce sanitary conditions in thousands of dwellings, clearly unfit for human occupancy, but crowded with hard-pressed Canadian families. Welfare authorities are at their wits' end to house the families daily being evicted.

The security of family life in Canada is gravely affected. Our divorce rate is rising, and authorities, lay and church alike, are alarmed at the causes. Housing is a common one. A young family today faces great difficulties and the lack of housing contributes to them. It is a hazard we can reduce by resolute policy and effective action. Further drift in the matter is a direct contribution by government to the further undermining of Canadian family life.

I submit to hon. members that this is a fair description of the situation in Canada. I must remind the house that the committee is not describing a new situation, not one that has been created by the war. I hold in my hand the report of the lieutenant governor's committee on housing conditions in Toronto, 1934. It is interesting to note that such well known persons as the hon. member for Muskoka-Ontario (Mr. Macdonnell), who was then the general manager of the National Trust Company, president of the Board of Trade of Toronto and chairman of the board of trustees of Queen's university, was a member of that committee. The report, which I am sure is well known to most hon. members who have made a study of housing, contains a disgraceful picture of what is commonly known as Toronto the good, a description of the ward; pictures of the back yards there. There is a description of the housing shortage and a section on slums, a section on sanitation, a section on food storage, tuberculosis, infant mortality, juvenile delinquency, crime and family life. I submit that it is a very serious reflection on a great country, a great province and a proud city such as Toronto to have a report of this sort submitted in the year 1934, and now so many years later conditions are virtually unchanged. The same sort of report could be presented today in spite of the fact that Toronto is the second city in the dominion. Huge sums were subscribed for our war effort. Surely the people of this country can evolve a programme that will clear away the slums, that will build modern houses and improve the living conditions of the people of that area.

I hold in my hand a picture from Vancouver which has a heading, "Low rental homes or swimming pools. Vancouver has double-crossed its homeless war veterans". Here is a picture of Vancouver's disgraceful housing conditions on the one side and on the other a picture of a privately owned swimming pool which is being installed in one of the residential areas of that city. The failure of the federal government to retain some of their controls, to decide what is essential and what is not essential material makes it possible for people who live in one part of the city to use tight material and short labour to provide a swimming pool when they have the great ocean available for swimming at least for many months of the year, while other people

have to live in the sort of housing conditions so well described in the report read by the hon. member for Vancouver-Burrard (Mr. Merritt).

The last report of the chief inspector of the sanitation and housing division of the city of Winnipeg repeats the information that has been given by the health department of Winnipeg year after year. On page 5 I find a table showing the unlawful emergency occupation of certain premises as dwellings. From that table I find that there are twenty-three families living in stores; thirteen families in garages, one in tourist cabins, nine in unfinished dwellings and attics; twelve in cellars; one in a stable and one in a church. There are seventy-eight children in the group who were found to be living in emergency occupation, unlawful occupation. The health authorities of the city point out that it is intolerable that people should be living under these conditions, but it is a question of living there or living out under the sky, which is not so desirable in Winnipeg, certainly in the winter months. We find that there are 16,000 families who made application for accommodation in Winnipeg in 1946. Only eight per cent were able to be accommodated. Some very useful recommendations are made by the chief inspector, but the conclusion is significant:

> House hungry squatters have not so far appeared in this city, but let us not be complacent about this. All that is needed is the spark, a leader, and we are likely then to have some rude experiences. The labour, money and material bottlenecks were broken during the war. The same bottlenecks have come to life again in this, the post-war period. The force or power that broke the bottleneck of war supplies was the federal government, acting presumably by the will of the people of this country. This power, so effective for war purposes, is now apparently atrophied and useless, indicating unmistakably the indifference or apathy of the general public and certain of the politicians, to a situation that should cause them serious concern.

So much for Winnipeg. I have here a picture from the Montreal *Gazette* of May 8, which has the heading: "Family of eight, with sick baby and money to pay rent, evicted." Underneath the photograph the following appears: "Family evicted from north-end home." Here is a picture of the law officers and the family with two little children in arms who have no rooms to which to go. That took place in the great and wealthy city of Montreal.

In the Ottawa *Journal* of Tuesday of this week appears a story: "Low rental housing project proposed by Ottawa committee." In the article it says:

> Mr. Goodfellow told of fifty-nine families that had to be broken up because there was no room for the children.
>
> "The problem is growing daily," Mr. Goodfellow said. "Unless we get some homes I don't know what might happen this fall." Mr. Pickering raised the question whether it was the responsibility of the committee to continue working on housing. "I think it is the responsibility of this committee to shove the responsibility exactly where it belongs—on the shoulders of the city of Ottawa, central mortgage, private enterprise and labour," he asserted.

In the meantime men who fought for their country and who were assured that when the war was over nothing would be too good for them are finding it next to impossible to find shelter. Just the other day I was talking to a man who was still in the army and who bought a new house in Ottawa. He was desperate. The only place that he was able to find for his wife and baby was this house. I understand the price paid was $9,800. What chance has a man on army pay to meet monthly payments on a $9,800 house. Yet this house is not any better than a house in which a veteran should live, and I am sure in normal times it could be built for $5,000 or less. We cannot ask these young men who were able to use a $100,000 tank or a $250,000 plane to live in the hovels that are available, the only places that are available in many of these cities. I understand that just this week the mayor of Hull came out urging that something be done by the dominion government to provide low-cost public housing. I am sure that those of us who spend the taxpayers' money must take notice of the conditions which exist in the country.

The bureau of statistics, in analysing the statistics compiled in the 1941 census, compares housing conditions in Ottawa and Hull just across the river. We find that in Hull 34 per cent of the houses are crowded as compared with 17 per cent in Ottawa. The value of home ownership in Hull is $2,300 as compared with $4,600 in Ottawa. Monthly rentals are much higher of course in Ottawa, and the households with exclusive use of bathing facilities represent 43 per cent in Hull and 84 per cent in Ottawa. Households with four conveniences—radio, telephone, vacuum cleaner and running water—are 4.7 in Hull as compared with 27 in Ottawa.

I submit that while we have people, in this day and age, who live in cities where there is central heating, where there are modern conveniences, it is a matter of real concern to the nation and to parliament to find these conditions. This brings me to the point mentioned by the hon. member for Vancouver-Burrard, which should be developed. I think the only solution is for this government to recognize that at least one third of the people in Canada simply have no chance of getting

housing under the legislation at present on our statute books; and further, that if the federal government does not give a lead, if it does not evolve policies which have not yet been evolved, we are going into a depression and we are not going to have a housing programme to provide a guarantee that there will be useful employment and a market for many materials.

In the United States they made a study which indicates that in 1939 19·9 per cent of the gross national product was used in housing. They came to the conclusion that in the two years before the 1929 depression, if they had faced the facts and realized that the falling off of housing construction was one signal indicating that they were headed for depression, and if something had been done with a view to working out a housing programme such as was worked out in Great Britain or Sweden, they could have prevented the depression having the impact it did.

I find in one of the "Housing Abroad" series published by the minister, volume 1, No. 1, a chart showing what happened to housing and the national income in Canada, Great Britain and the United States. In Great Britain, where they decided to carry out slum clearing and a low-rental housing programme, there was a rather slight drop in the national income, and they actually increased the number of houses built during that period. But in Canada there was a falling off in the number of houses being built before there was any indication that we were headed for a slump. By the time we got down to the bottom, however, in 1934 we were down to 16 points as compared with 100 in 1929, in house building. The same thing happened to a lesser degree in the United States; and now, as the falling off in building permits and the folding up of the programme under housing enterprises would indicate, we have reached the saturation point in Canada in disposing of houses under present terms. Now therefore is the time when the government should face the question of a subsidized low-cost housing programme as part of our post-war undertakings. If we could undertake that kind of programme immediately and enlist the cooperation of the provinces and the municipalities, I am sure it would be a major factor in preventing the depression from reducing our standard of living, as happened during the last depression.

In another publication with regard to manpower and material requirements for a housing programme, I find that to carry out a programme of 80,000 houses in a year it would require 403 million man hours; and on a rough calculation, using the basis of $1 per hour, there is an expenditure of over $400 million. There is also the list of materials used in the 80,000 houses unit, such as cement, bricks, tiles, lumber products, lath and plaster, roofing, paint, plumbing facilities, electrical equipment, glass, and so on, totalling $280 million. In other words, for less than one billion dollars, 80,000 houses could be built. In view of the fact that the minister during the war was able to spend over thirteen billions, representing man-power and material, surely this modest programme that has been outlined of 80,000 houses a year can be realized.

We propose therefore to move certain amendments as we discuss the clauses and we would like to introduce a preamble which would set out our Canadian objective, just as has been done in Australia and the United States. We suggest it be the objective of this parliament to provide a programme of housing for the Canadian people which would ensure a separate home in a good neighbourhood for every family that desires one. We must accept the principle that society has reached the stage where a house of good quality properly equipped is not only the need but the right of every citizen. Where a family cannot own such a house, it is the duty of the state to bridge the gap by a rental subsidy.

We also think it should be the objective, in realizing this principle, to provide for the replacement of slums and other substandard housing in rural areas, to obviate overcrowding and facilitate progress in an orderly manner towards a proper standard of housing for the entire Canadian people. Another objective is the systematic planning of cities and neighbourhoods so as to develop and redevelop communities, which will provide good surroundings for home life and adequate facilities for advancing the industrial and cultural welfare of the nation.

Consideration in undertaking the large scale housing programme envisaged by the act should be given to the undeniable fact that a stable level of construction throughout the years immediately ahead is one of the most necessary factors in ensuring a steady level of employment, which in turn would provide buying power essential to prosperity at home and abroad.

I submit that if the Minister of Reconstruction and Supply is not now prepared to take steps different from those that he has followed in the past he is going to be responsible for one of the most serious conditions we have witnessed in Canada, because we cannot expect Canadian citizens indefinitely, in view of our remarkable performance during the war, to be told that we have not now the ways and

means of solving a little problem such as diverting a billion dollars' worth of man-power and material into the housing business each year.

I am not suggesting that all this should be spent under public housing. I think our expenditures could be divided roughly into three groups. One-third of our people will be able to build dwellings without assistance from anyone; one-third will be in the middle group who will need to take advantage of the facilities afforded by Central Mortgage and Housing, people in the middle income groups; and one-third of the people must be provided for by public low-cost housing, which will be built only if the federal government is prepared to guarantee that the necessary subsidy will be paid to bridge the gap between what the individual can pay and what is the economic rent to provide these services.

Mr. WILLIAM IRVINE (Cariboo): Mr. Speaker, I desire to make a few remarks on this bill as it is proposed to be amended. It is unlikely that anything new can be said in regard to the summary of conditions which such legislation should endeavour to meet. The previous speaker has placed on record a wealth of data which cannot help but impress those who have been listening. Everyone in this house will agree without question that the housing situation is desperate, and I am going to be critical of the government's policy in that regard. In doing so, of course I want to say that I have not the slightest doubt that the right hon. gentleman who administers this legislation has great capacity. He is a competent administrator, and if the results are not as we desire them, or as I believe it is quite possible to make them, I do not think the minister individually is to blame. He has been limited by the system under which he is working. His hands have been tied by practices and methods which cannot meet the situation. I hope that, after the discussion which is now going on with respect to this matter, the minister will take the bit in his teeth and do for peace what he did for war.

As I have said, the results are unsatisfactory, and that is putting it mildly. The bill which is now before us amends the previous legislation in the first place, by reducing the amount of the initial payment required to be made by the borrower who intends to build a house. In the second place, it extends the period of amortization to thirty years. In the third place, it brings duplex houses within the benefits of the act. Of course these are all minor improvements. Personally, I welcome them. So far as they go, and they do not go very far, I am for them; I am going to vote for that legislation. But I suggest, sir, that no possible amendment to this act could make it accomplish what the necessity of the moment demands that it should accomplish. I question whether anything short of an entirely new objective, an entirely new purpose, an entirely new piece of legislation, can possibly do the job. The chief purpose of this act appears as set forth in section 1 of the bill:

> . . . to protect the mortgage security the said lending institution and the corporation may join in making supplementary joint loans to the borrower and in taking such other measures and steps as may be required in accordance with normal mortgage practice to safeguard the interests of His Majesty and the said lending institution.

I have no doubt that this legislation will protect His Majesty. I have no doubt that it will protect the lending institution. But it should protect the homeless people of Canada. That is the essential purpose which is lacking in this legislation, and that is the burden of the criticism which I want to make with respect to it.

There are three criticisms of the housing policy of the government which I should like to emphasize. In the first place, there are not nearly enough houses being built.

Mr. PROBE: That is the big one.

Mr. IRVINE: Yes, that is probably the big objection; there are not nearly enough houses being built. In the second place, those which are being built are often inferior in quality. This condition is brought about partly, no doubt, by the lack of materials and probably to some extent by the fact that, owing to the great need of men, skilled men are scarce. Very often contractors and builders have to hire at full wages men who may not be expert craftsmen.

Mr. JOHNSTON: Would you say that is true of national housing?

Mr. IRVINE: Probably it is true under all circumstances at the moment. No matter who is doing the building, those factors do enter into the picture and would tend to reduce the quality of the job.

Mr. JOHNSTON: There is a big difference between national housing and wartime housing.

Mr. IRVINE: I am now discussing the legislation which is before us and do not wish to complicate the matter by taking up other schemes.

In the next place, the cost of houses now being built is so high as to be out of the

reach of more than two-thirds of the entire population of Canada. I happen to be living in a six-room house which was bought last week from the contractor at $9,500.

Mr. PROBE: Your house?

Mr. IRVINE: No, it is not my house; I am renting a room in it. It has been estimated—if I mistake not, by the previous minister of finance—that building a house will cost at least $1,000 a room. I think that is a conservative estimate. I say next, sir, that the average family of five needs a house of eight rooms; so that even if we accept the estimate of $1,000 a room, an eight-room house, which the average family of five needs, would cost $8,000 to build. Let me make an estimate of what such a house, under the present set-up, will cost the purchaser. I am taking into account the repayment of the principal and the interest, and the amortization scheme. I am taking into account also annual taxes and am estimating them at only $100 a year; and I think that is low. I am taking into account that annual insurance will cost about $13, at the rate of fifty cents per 100 for three years. There should be a depreciation of $200 a year for forty years of the life of the dwelling. That would mean a monthly payment of $66.42, which in thirty years would amount to $23,911.20. That is a figure far beyond the limitations of the financial ability of the average working man in this country. It means that he would have to put into the building of his home a proportion of his income so great as to impair the living of his family and himself in many essential requirements. The bill provides that a certain amount may be borrowed under certain conditions; on an $8,000 dwelling, 95 per cent of the first $3,000, 85 per cent of the next $3,000, and 70 per cent of the remainder may be borrowed.

The Minister of Finance (Mr. Abbott) pointed out in his budget speech, and this has been emphasized a number of times during the budget debate, that over half of the working people of Canada do not receive a sufficient income to be taxable under the income tax scheme. The exemption figure for a married man with a family of two is $1,700. I think it is clear that no man with a family receiving less than $2,500 could ever think of building a home under the present scheme with any hope of ever paying for that home. All you have to do is to think about the possibility of a week or two of sickness, a month or two or six months of unemployment, or some other calamity and you realize that the interest begins to pile up, the principal is unpaid and you begin to go behind. That may be repeated until the payments cannot be made in thirty years; your children's children will have to finish paying and nothing but the ashes of the home will be left when the payments are completed. I suggest that those who accept the present arrangement will feel that they are compelled to take it. It will be a case of necessity, and not their wills consenting.

I agree with the hon. member who preceded me that the greatest need is for a scheme of low-rental houses. Possibly these could be built by public bodies and rented to individuals at a rate which would cover the replacement cost of the building in, say forty years. Whatever was the estimated life of the building, the rental cost should be spread over that number of years, so that when the building is no longer useful it will have been paid for and the money available to build the next one. Such a scheme is perfectly sound because there is no danger of loss.

There is no reason why a better method of financing than the one now suggested could not be devised. I want to register my opposition to the method of financing which has been adopted by the government and which appears in the present legislation. It may be presumed that eventually we shall catch up with the shortages in building material, but there is no man who will live long enough to catch up with four and a half per cent. That just cannot be done, and there is no use in thinking it can be done. If he is not in the low-income class he will not borrow; he will build his house and save the four and a half per cent, which would be the wiser thing for him to do.

I am going to suggest that the government devise a new scheme to provide homes at low rentals for the people of Canada. These homes could be built in a manner similar to that adopted for the great undertakings in the war period which were supervised by the right hon. gentleman who will be administering this legislation. We plunged into tremendous expenditures for war. All the materials that were created by our finance and our efforts were blown to hell and we were left with nothing but a debt. Here we are suggesting that for peace purposes the government undertake a constructive scheme for the building of homes which will leave the nation with an asset equal to every dollar that is put into it. Why there should be any hesitancy in proceeding to build the houses required is utterly beyond me.

I am going to suggest that we use the national credit to finance this housing scheme. Not only do I suggest that we use it for

housing, but if I had the time I should like to suggest and do more than suggest that we use it for the establishment of new industries and for the provision of additional capital equipment for older industries which need to be brought up to date.

Mr. DEPUTY SPEAKER: I would ask the hon. member to confine his remarks to housing.

Mr. IRVINE: If I had been checked up every time I have departed from the paths of righteousness as quickly as Your Honour has now checked me up I would have been a much better man. I shall not go beyond merely suggesting that I am not confining my proposal of national financing to the one project. However I am going to confine it to the one project as you have just suggested. The mechanism for doing this would be quite stereotyped. There is no need for any mythical scheme to be conjured up. It is easily understood how these things are done and how easily they can be set up. I suggest that it is the responsibility of the Minister of Finance, under the guidance of the government, to provide such mechanism. It can be operated through the Bank of Canada, and perhaps it might be found necessary to set up a crown company to carry out the building of the houses required. But the main thing is that we can well afford to finance any real asset we are competent to create. In fact we cannot afford not to finance any enterprise in which necessity urges us to engage. And, as I have already said, every home built under such a scheme would represent a national asset equal to the amount of money expended in its building. So that there is no risk whatsoever. There is none to be incurred.

But that is not so now. Under the present scheme the government takes all the risk and the financial corporations take all the interest. It seems to be a sort of priorities field of investment for insurance companies, at a rate of interest which would be very difficult to get at the present time anywhere else, and with safety guarantees unequalled anywhere, any time.

The government might begin to launch such a scheme in a more or less orthodox way. If it is true that we are now experiencing an inflationary condition in Canada, there is no reason why the government should not sell bonds to build houses, and take up the surplus cash floating around so that it might be used to take care of the greatest need of the nation at the present time. That would be a perfectly orthodox procedure. If there are interest moneys paid, it would go to the people who bought the bonds, namely the people of Canada in general. If it were financed in any other way, and if interest were charged, the money would go into the public treasury and would not pass into the hands of private individuals. While money is plentiful, the financing could be done by issuing bonds.

I do not think that is the best way to do it; but since we cannot be expected to break away from orthodoxy overnight, that would be one way to do it; and it would be better than not doing it. I suggest that it be done in that way, since that is the only way of doing it that the government would be likely to consider, and that we should lend to home builders the money required, at the cost of administration. It would not be long until monthly rentals from such houses would begin to come in. After a while, all new houses would be built from moneys collected as rentals from those already built and in operation.

But when money is scarce, as it is likely to be after the inflation is over, these houses would be available. We must remember that there is always the drop backwards. We have never had a boom without its corresponding slump, and I doubt whether we shall have any different experience this time because I have heard no scheme advanced for preventing the usual thing from happening. I expect, therefore, that the usual will happen; and it will happen because the profits which have been siphoned off by the profit-takers of the nation have not been reinvested quickly enough to be paid out in wages, and thus to keep the flow of purchasing power running in balance.

When this happens it would be a good thing for the government to do what our hon. friends here are asking.

Mr. BLACKMORE: The social crediters.

Mr. IRVINE: It would be a good thing if the government were to create the money to build the houses. That is what the banks would do, if we borrowed from them; and there is no reason why we should not do it in a direct way ourselves, without interest. It could be done by the payment of only administration costs. That would check the deflationary tendency following a boom, although it would not be a cure. It would help the economic system as a whole.

I conclude by saying that, although the minister is a gentleman of much greater experience than I am in matters of administration and of government, he might do well if at least he were to take some notice of the ideas which hon. members have tried to present in respect of this great problem of housing. He knows as well as we do that the situation is serious; perhaps he knows much better than we do. No doubt he receives more

letters about it, because he is face to face with the problem. He knows that not enough houses are being built, and knows perfectly well that the average working man cannot buy the houses being built under the present scheme. I am asking him to consider the possibility of devising a housing scheme which would make available low-rental houses, that such a scheme be financed upon the credit of the state, and at cost, and that we proceed to do it and continue in our endeavour until every Canadian family has a home.

Mr. L. W. SKEY (Trinity): Mr. Speaker, I should like to speak briefly concerning the expression used by the preceding speaker—"the necessity of the moment", and I wish to address myself to those words.

Before doing so, however, I should like to refer to the observations of the hon. member for Mackenzie (Mr. Nicholson), who spoke about Toronto and outlined some of the unfortunate housing conditions in that city. I am sure the hon. member will be glad to know that the city council, welfare institutions and all other agencies in the city have made every effort to meet the housing shortage. Last winter, although they passed through several critical periods, they did manage to keep a roof over everyone's head. Among other things, they reconverted Trinity Barracks and spent hundreds of thousands of dollars outside the city limits in the development of water and road services in the county of York in connection with housing developments in that area.

My one brief suggestion to the minister would be that, in company with the rentals administration of the government, he consider lifting the freezing orders on new accommodation opened after a certain date. I do not mean that the rentals administration order as it now stands should be changed, if the government insists upon retaining it. But I do suggest that if the government will consider lifting the freezing order and evictions order on new accommodation opened after, let us say, July 1, there will be a tremendous improvement in respect of the housing shortage in urban centres of Canada.

The minister has had the problem fully and ably presented to him. I am sure that has been done in his department, as it has been again in the house today, particularly in the speech of the hon. member for Vancouver-Burrard (Mr. Merritt). Mine is an urban constituency, with very small space available for further building. It is overcrowded, almost as bad in that respect as the constituency of Spadina, which is represented in this house by a Liberal member. This situation is found not only in Toronto, but in almost every other city in Canada. It is our "immediate necessity", and I think the freezing order should be lifted on new accommodation by the first of July. By lifting it early this summer, any difficulties which may arise, administrative or personal, could be ironed out before the extremely critical period of next winter, and I am sure the minister will agree with me that next winter the housing accommodation in Canada will be extremely critical. So, Mr. Speaker, with this brief suggestion and mindful of the tremendous amount of work that lies before the house I take my seat after urging the minister to consult with the rentals administration on the suggestion I have made to him this afternoon.

Mr. HOWE: It would be interesting if my hon. friend would elaborate on the benefits that would flow from his suggestion if adopted. I do not just understand them at the moment.

Mr. SKEY: I shall be glad to. Recently I attended a public meeting in Toronto at which all the difficulties, shortages of building materials, rising costs, labour difficulties and every other kind of difficulty facing builders were put before the meeting, and I was impressed with the facts given. When the minister announced to the house the other day that Housing Enterprises Limited had had to abandon some very large projects I knew he was faced with the same building difficulties. At that meeting a lot of prominent citizens advised me—and I believe they spoke with certain knowledge—that if the minister would lift the freezing order on new accommodation rented after a certain date, literally hundreds of people in every urban centre would be able to obtain accommodation. These would include veterans with families, single persons seeking rooms and perhaps board, and perhaps even large civilian families would find accommodation if the owners could be sure that their tenants, if objectionable, could be evicted. Eviction might be necessary in only five per cent or less of the new accommodation provided, and what I am asking is that the other ninety-five per cent who could be accommodated in this way should be given the chance to secure this accommodation. The real reason why people will not open their homes today is that they are afraid of having undesirable tenants come into their homes and be unable to get rid of them.

Mr. HAROLD W. TIMMINS (Parkdale): Mr. Speaker, the minister in bringing down the amendments in Bill No. 176 reminded the house that extensive amendments had been made to the National Housing Act in 1946, but that by reason of changed conditions

further amendments were necessary in 1947. For the most part there seems to be a good deal of merit in the amendments. The minister proposes, for instance, in respect of national housing mortgages, that the lending value shall be increased, that there may be larger loans. In the second place, the amendments will bring about lower down-payments by purchasers which the minister said was necessary because there is less money in the hands of purchasers at this time. Further, in order that the monthly payments may be kept down to the ability of people to pay, he proposes that the loans be amortized over a period of thirty instead of twenty-five years. All these amendments are good in a sense. They do make it easier for builders to finance. But as a matter of fact, as the minister himself stated, the problems in respect to building in 1947 are not so much financial as they are physical. I do not know of a single builder or a single person who wants a house who has been unable to get a house built by reason of not being able to finance a loan. The loan does not have to be under the National Housing Act, because there are many other kinds of mortgages that one can get. So I do not believe that difficulty in financing is stopping any house building today.

We know there are four groups of house building which are in a sense government controlled and which are looked after under the system of priority of building materials.

In presenting this bill to the house, the minister had this to say, at page 2660 of *Hansard:*

> We propose that where there is some control on the end sale price of the house to the home owner, the ratio of loan on a $3,000 lending value shall be 95 per cent, grading down to 90 per cent on a $6,000 lending value.

I take it from that—and the minister will correct me if I am wrong—that he is referring there to integrated housing, because that is the only kind of housing in Canada that I know of in which the government takes any part in controlling the sale price of the house. I am pointing out to the minister, without disparaging the amendments he proposes, or minimizing the results he hopes to attain, that as a matter of fact, according to a recent return which I received from his department, only 1,691 integrated housing units were started in 1946-47. So, while the amendment which the minister proposes is to some extent proper and will bring some relief, I do not believe that the relief we shall obtain will put us very much ahead in the matter of housing accommodation. I would be prepared to gamble that housing accommodation will not be increased by more than one or two per cent by the changes which are proposed with respect to these mortgages. Of course, when you lend up to ninety-five per cent of the value of the property you are looking for trouble. We have had experience in days gone by when mortgages were made up to fifty and sixty and seventy per cent of the value of the property, but when you get up to ninety and ninety-five per cent you are putting the purchaser in a precarious position with respect to stability and the future holding of his property. However, it may be necessary that something along this line should be done. I am only pointing out that a dangerous practice is growing up.

The minister said that conditions have changed since the last amendments to the act were made. Even since this bill was brought down on the first of May—and now it is the 29th of May—many more serious changes in conditions have taken place. In the first place, so far as integrated housing is concerned there has been some hesitation by veterans in some parts of the country to buy houses under that scheme. We also know that, so far as Housing Enterprises Limited are concerned, they have dropped their projects in at least three cities. From a return which I received on March 31, I find that at the present time Housing Enterprises Limited are carrying on projects in some twenty-three cities. I suggest to the minister that economic conditions in respect of building are probably no different in the other parts of Canada from what they are in Ottawa, Montreal and Toronto where these projects have been stopped.

Press reports tell us that because these projects are not to be continued in Toronto, some twenty thousand units which would otherwise have been provided will not be provided. I have read with a great deal of interest the comments which have been made by Brigadier Storms with respect to the obstacles which he found in housing. If there is any man who could get through a difficulty in housing or in any other matter it is Brigadier Storms. He is not easily stopped. He was my commanding officer in France during a considerable period of the first great war. I do not know of any man who commands more ability to get things done than Brigadier Storms.

One other feature of the amendment which I should like to touch on briefly is the amendment which appears on page 2661 of *Hansard,* about which the minister said:

> We will be seeking authority for the Central Mortgage and Housing Corporation to convey property which it is administering for the crown. We have in mind particularly Wartime Housing units which are being sold to tenants.

Wartime housing was essentially and primarily provided for veterans. The houses that I have seen and inspected in various parts of the country have no cellars under them. I do not believe it is good business for this government or for any government to sell to veterans houses without any cellars under them, because it means that in the future these people will have to live in housing units which are heated by stoves or by gas or by whatever the local amenities may be. I do not believe that is proper housing for soldiers to have except as an expedient for the moment and temporary. I am not criticizing the government for what they have done in providing Wartime Housing. I am simply saying that some other form of ensuring the veteran his property might more properly be developed, because I do not believe that any of us should be a party to turning over to the veteran something which we know in the long run will be very much of an impediment or a detriment to him.

Turning for a moment to the next part of the act which has to do with the advent of the lending companies and the insurance companies into the field of providing scope for the development of land for building purposes, may I say that that particular venture has a good deal of merit to it. After all, we know, and the minister probably knows better than any of us, that in the larger cities practically all the land for building purposes is used up, and as you get into the townships and the municipalities you run into the difficulty of the lack of public utilities. For instance, it would be useless for a scheme to be developed miles away from schools, or miles away from water or without proper sewage facilities; and it will take a good deal of money to promote these land ventures.

Having regard to the projects which may be entered into, I should like to suggest to the minister that perhaps the department could give some leadership in seeing that in a sense these projects take the form of decentralizing communities. If I may use an illustration, surrounding Toronto on the north are three or four municipalities, Thornhill, Richmond Hill, Aurora and Newmarket. In planning these projects, one should bear in mind that perhaps suburban life is superior to urban life in so far as bringing up children and families are concerned. I am of the opinion that these projects should be developed around communities which already exist.

In the past, experience has shown that companies subdividing and promoting land ventures have come to a disastrous end. I know of few throughout the Dominion of Canada that have really made a success of land ventures and come through with much of their money at the end of the time when they have their land sold. The work of developing these ventures includes surveying the land. They have to have the plan passed by the municipal authorities and by the provincial planning board. They have to plan recreation and park land and also arrange for the laying in of water, sewers, pavement and sidewalks.

The minister has told us—and I think the act provides for it—that the remuneration which will pass to those who are planning these projects will be in the neighbourhood of two per cent. If I understood the minister correctly, I think he said that if there were anything over the two per cent it would have to be returned to the crown. That strikes me as a very low amount for a venture of this kind, and for that reason I have been looking for a nigger in the woodpile in respect of how the costs are going to mount and where those who will venture the funds in the particular projects will receive their remuneration. I presume the minister will not allow large sums of money to be used in these projects for administration purposes. I can see that it will be quite easy for a huge administration to be set up in the way of an office, with secretaries, draftsmen, surveyors and a great number of other people who would in a sense run the administration high, which would, of course, all be added to the costs which, in the long run, the government might have to take over and pay.

There is this other thing to be looked at, and it has happened before. Before the lending company or the insurance company gets into the project, somebody has intervened and has become the owner of the property, and that has happened in a month or two or in a week or two before the project goes through. I suggest to the minister that some safeguards should be put in these projects so that they will not end up with this sort of thing going on. The remuneration to those who will be carrying on these projects will be small for the amount of work they will have to do. I understand that in the United States some of the large lending companies have already gone into this field, but I am told that the remuneration they receive is in the neighbourhood of 4·5 per cent and 4·7 per cent in respect of the money venture in the project.

It seems to me that these amendments will not go nearly far enough; in fact they will not go any distance at all in solving the housing problems of Canada. They are all expedi-

ents, but they all miss the mark, and the mark is that we have not a housing programme in Canada. All the projects which the department has worked out have been predicated for the most part on the priority system; in other words, the channeling of building material into a few hands who can in a sense control the kind of building that the government considers we should have. I think the government has missed the boat in that respect, because the statistics show—and we have used them before—that less than 12,000 homes were helped by the priority system in 1946, and according to the figures which we now have before us, we are going to be in a much worse position this year.

For instance, a release from the labour department of May 27 shows that construction contracts, mainly for home building, were down $23 million in April, 1947, compared with the corresponding period last year. No improvement was expected. According to the report, commercial construction showed little variation over last year, with the bulk of the decline showing in respect of certain industrial classes.

The minister and his department must take the responsibility in these matters. After all, some of us who have had some experience in housing think the measures which have been taken to date are not going far enough and we are really in a sense standing still. We point out to the minister, who has heard it many times before, that he must do something about the channeling of building material, in the sense that he has to call a halt to the business of so much material going into non-essential building, having regard to the fact that our primary problem today is housing for our people.

If, as a matter of fact, building costs have gone as high as they have, so high that the ordinary builder is stifled—and he built 48,000 homes last year in spite of priorities and everything else—and if, as a matter of fact, the minister is not prepared to say that home building shall get its share of material, then he and the department must assume the responsibility. One of the responsibilities he has to take is the fact that in the large cities, with the money received from the federal government, and the help of municipalities, for which I give them full credit, our people are living in conditions which are degrading and which will do a great deal in creating a demoralizing effect on the future of the nation.

We know that people are living in converted military barracks, in a converted air station barracks; they are living in buildings which formerly were munitions factories; the last project represents one that was formerly an engineering plant. These people have to use communal accommodations; in other words, washrooms together, public rooms together; and their children are mixed up in various compartments of the same housing unit. The people there are beginning to feel that in a sense they are wards of the country, that provision has been made for them now and that provision will be made for them again. That is contrary to the concept which Canadians have of our people. We feel that we should be able to stand on our own feet and make our own way, but we are demoralizing the people by permitting these conditions to continue.

Part II of the National Housing Act is a useful section. It has not been used to any great extent up to this time. In Toronto, when I was on the council, we started the Regent Park project for the purpose of clearing out a slum area and providing adequate and proper accommodation for the people there. I have visited the district myself and I must say I was ashamed of the conditions under which the people were living there. I know that the project was a necessary one, and within the last year the minister has seen fit to place the stamp of approval on the undertaking in the Regent Park district in Toronto. That is only a beginning. I believe that part II of the National Housing Act must be used and used quickly for those people who, in our own country, are displaced people. Something must be done for them.

The city of Toronto cannot carry the cost alone—I am dealing with the Regent Park project at the moment—but must have help from the province because, as a matter of fact, the provinces all have their planning boards, and these matters require some provincial assistance. In addition to that, they require a great deal of federal assistance, because, if people live in a group that cannot pay the economic rent, then we the people, as my hon. friend the member for Vancouver-Burrard put it, through the governments of various levels must all take our part in providing the necessary housing.

I predict that the minister will find, with building conditions continuing as they are at the moment, that something will have to be done along these lines, within the next couple of months, I would say, because I do not believe that the various municipalities will be able to cope very much longer with this emergency situation.

Much as I commend the amendments the minister has brought forward with respect to the National Housing Act, I do not think he

has gone nearly far enough. The bright boys of the department are still thinking in terms of building priorities and we are away past that stage. I am suggesting to the minister therefore, as strongly as I can, that he give some attention to part II of the act, to see that low-cost public housing is started in this country, so that we may get back substantially to the recommendations of the Curtis report of 1943, which made provision for housing which, I think, is most necessary and imperative at this time.

Mr. J. O. PROBE (Regina City): This house has threshed a terrific lot of old straw, it seems to me, in connection with matters relating to housing, and I think a great deal of credit is due to hon. members on all sides of the house for taking the responsibilities of their office sufficiently seriously that, after these arguments have been presented in brilliant form in many cases and so many times in this house since I have been a member here, they are not content to let the government rest until a better approach than our present feeble effort in housing is put forth by the one man in this country who is able to do the job if he would get on with it; I refer to the Minister of Reconstruction and Supply (Mr. Howe).

The National Housing Act has been analysed in so many ways in this house that I simply want to indicate once more that under part I of the act the loans last year were 6,927. In housing emergency that is really a terrific national effort, is it not? Under part II of the act, which provides for rental housing loans, we were able to lay out money for 4,836 houses.

Part III of the act, which provides for federal funds for farm housing, is not even yet proclaimed by the government of Canada. Part IV of the act deals with the home improvement feature. Actually fifty-three units in Canada were repaired under the terms of that part. There was a certain amount of research carried on under part V, largely in the statistical field and none in the scientific field. There was spent $160,000 under this section, of which $85,000 was for economic research; $3,000 for architectural investigation; $70,000 for community planning; $3,000 for educational work and nil under technical research. All these figures come from the government's own factual summary "Housing in Canada", presented in January, 1947.

With respect to the whole matter of housing, I think the minister acts as though he intends that the government will just get out of the housing business entirely and leave it to free enterprise, because, while we have certain statutes on the books, the physical process of house building is not being accomplished. The amount of money which we have spent and the amount we are providing for next year indicates that the government is gradually getting out of the picture. I want to present two tables to the house. One is with respect to the estimates of the Minister of Reconstruction and Supply for the coming year, dealing with housing.

571. To provide for payments of amounts owing under guarantees pursuant to item 60 of schedule A to the Appropriation Act, No. 6, 1946 (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.

There is a nominal item of $1, owing to the fact, I presume, that the government has not anticipated any losses. Under home conversion plan, item 572, the government proposes this year to reduce the estimate of last year by $250,000, making an expenditure of $250,000 for the ensuring year. Under emergency shelter, administration, the estimate is $2,000,000, a reduction of $297,000 from last year. On Wartime Housing Limited in the ensuing year they propose to spend $27,500,000 by contrast with an estimate of $42,000,000 last year, a drop of $14,500,000. That is the financial picture under the plan of the department of reconstruction. They make provision for a potential expenditure of some $30,000,000 at a time when we have an admittedly serious crisis in housing.

By contrast I want to present a housing budget for another country which I was prevented from putting on the records here a month or so ago, because at that time it was not in order. I want to present from the department's own records, "Housing Progress Abroad", the Swedish housing budget for the fiscal year 1946-47, to indicate how other progressive countries are allotting their budgets in terms of housing. The figures are given in both kronor and dollars, and I presume they have been worked out on a proper par of exchange.

Operating Budget

Government housing loan office, salaries, appropriations	$ 314,479
Government housing loan office, expenses, appropriations	62,617
Reductions in rent for poor families with many children, appropriations	2,365,550
Contributions to promotion of housing in rural areas, reserve appropriation	5,566,000
Contribution to housing for retired people, reserve appropriation	2,226,400
Total	$10,535,046

That in the Swedish housing budget is termed an operating budget. Under their capital budget, they have the following:

Capital Budget	
Government loan funds:	
Loan for housing for poor families with many children (investment) appropriation	$13,915,000
Loan fund for promotion of housing in rural districts (investment) appropriation	3,339,600
Fund for assistance loans:	
Tertiary loans for certain housing schemes, appropriation	41,745,000
Additional loans for certain housing schemes, appropriation	5,844,300
Loans for erecting and improving dwellings for farm workers (investment) appropriation	1,113,200
Loans for improvements to dwellings, appropriation	2,226,400
Total	$68,183,500

That is roughly double what the Minister of Reconstruction and Supply is proposing to ask this house for with respect to the ensuing year. It is interesting, of course, to note the way in which that budget is broken up with respect to provision for rental housing facilities for large families, for workmen's families and for rural families. The Swedish budget provides for the expenditure of money in manners that the Canadian government is not yet prepared to accept as an obligation of the Dominion of Canada.

I think we should examine as well the particular Bill No. 176 which the minister has before the house at the present time. I am willing to concede that there are one or two good features in the bill. But as has been said by everyone who has spoken this afternoon, there is a piecemeal goodness about it. There is, for example, the increased ratio of lending value to the cost of construction. However, that is not an unmixed blessing, because with the terrific rise in building costs —which the government has permitted by its decontrol policy—it simply means that the individual who is lucky enough to be able to make a down payment on a house is putting down approximately the same amount now, with rising costs, which he might have put down a year or two ago under lower costs; and at the same time, because of the high cost, he has increased his liability for years to come. Therefore I say that, while the fact is that a man is able to buy a house with a smaller percentage of equity under this new proposal, it will not in fact give him as great an equity in his house as could have been arranged by assuring that building costs remained down. The amortization period is extended from twenty years or, under certain conditions, twenty-five years, as it was before, to thirty years. That is a feature which should be commended. In my opinion, a third good feature is the provision for direct loans by the Central Mortgage and Housing Corporation where lending institutions may, for certain reasons, not want to lend money to a prospective home owner.

I consider it my duty to draw the attention of the minister to some of the bad features in this bill. The improvement of land is one of the main things provided for. Under that provision housing groups or mortgage companies or land companies may develop housing areas in suburban districts and the cost is guaranteed to those companies by the people of Canada. Such companies are permitted to make two per cent on their investment. In my opinion that, in effect, is a future subsidy to those companies and to the families to which they hope the properties will be sold. I can guarantee to the minister that, with present costs, those houses will not be houses that can be purchased by low-income families. I think he will have to agree with that statement. In my opinion that is a bad form of subsidy. I believe in the subsidy principle with respect to housing, but it should be applicable at the low-income and wage levels.

There is another feature which the minister and his officials have overlooked entirely and I should like to draw his attention to it at this time, because we propose to submit an amendment in committee to remedy the defect. As I see it, there is a danger that the maintenance costs for the suburban developments provided by this bill are likely to be loaded on the municipalities. The experience in connection with former housing developments in suburban areas has been referred to by previous speakers this afternoon. By this legislation, the development companies are protected from going bankrupt; we as the people of Canada are preventing those companies from going bankrupt, but many of the facilities which will be needed to make these areas habitable, such as streets, roads, water facilities, schools, utilities of various kinds, will have to be provided by the municipality. As far as I can see, there is no provision in the act to permit the municipality or the provincial planning board to take any part in the planning of this work.

I have here figures from the official United States records indicating that in 1935, when there was not a great deal of suburban development, the city of Boston found that its revenues per resident from the suburban area was $47 a year, whereas the expenditures

on facilities for those suburbanites was $63 per resident. If this bill is permitted to be carried through and this work is carried on without consultation with the provincial or municipal government concerned we can envisage, not the bankruptcy of the speculators in suburban development, because they are protected by the government, but the bankruptcy of the municipality itself. Pressure will be exerted upon the municipality to extend public facilities, to build roads and all the rest of it, while the people who will exert this pressure upon the municipality will be protected against personal loss by the federal government under the terms of Bill No. 176.

Ancillary to this is the fact that there is no provision for the expression of opinion by local planning bodies with respect to the type of community to be built as a result of the enterprise which is being sponsored under this bill by the minister of reconstruction. As far as I can see, there is no provision for participation in any form by planning bodies which have been set up by municipalities or which are envisaged under the terms of different provincial statutes.

The final criticism—and this is an old one from the point of view of hon. members in this corner—is that there is no provision for participation in this fund by provincial or municipal housing authorities that have been set up or that may be set up in the future. As the hon. member for Mackenzie (Mr. Nicholson) said in the brilliant speech he made a few minutes ago, we are going to vote for this measure, but we are disappointed that it goes only such a short way to meet the problem facing us. We feel certain that this bill will not take us many further steps along the road to providing houses for the Canadian people.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, I wish to say a word or two with regard to this subject. I do not think it is necessary for me to remind the house or the people of Canada of the urgent need there is for more housing. We are all aware of that fact, and the attention of the government has been directed to it on more than one occasion, not only at this session by hon. members who have spoken already but in previous sessions.

The hon. member for Cariboo (Mr. Irvine) referred to the fact that the government should continue the same type of housing programme in peace time as they used during the war. I hope I am not misquoting the hon. member, but that was what I understood him to say. I do not agree with that. I think the houses which the government built under the national housing scheme are much superior to those built under any other housing programme the government has instituted.

Mr. NICHOLSON: I did not understand the hon. member for Cariboo to say that.

Mr. JOHNSTON: I think you will find that in his speech. Possibly what he had in mind was that the government should carry on that type of mass production which it carried on during war time. That was my understanding of it, anyway. The hon. member for Mackenzie (Mr. Nicholson), who spoke a few minutes ago, suggested a continuation of the government's plan for mass production under government ownership. I should like to point out to the hon. members for Mackenzie and Cariboo that I have watched very carefully the different types of houses that have been built. It is my opinion that, except in one or two particular instances, the majority of the houses built under Wartime Housing or the veterans housing scheme do not begin to compare with the houses built under the national housing scheme. I have made the statement before and I do not hesitate to repeat it, that I believe it is better business; I believe it will result in more satisfaction to the men who receive these houses if we build one house properly rather than build two houses which inevitably will fall down in a few years. It is my view that in respect of a large number of the houses now being built by the government, such as those under Wartime Housing or under the Veterans' Land Act, the municipalities, both rural and urban, will be faced with a bad situation in years to come. I hesitate to refer to them as slum areas, lest some may take the wrong impression from my words. But I do not think one could use any other expression if he wished to convey a proper picture, and particularly when one thinks of the houses which were built in Hull, just across the river, during war time.

For the moment I should like to speak about the financing of these houses, and in that connection I would commend the hon. member for Cariboo upon the suggestion he made. That very thing has been in my mind. I do not think it is possible for the government to finance a large housing programme under the present financial arrangements set out in the contracts. I would assume that in respect of national housing the government is using exactly the same type of contract agreement as it is using in other types of housing. If I am wrong in that, the minister will correct me. I say that, however, because I believe it is a standard form of contract.

Under it, as I pointed out before, those who are purchasing or building these houses are required to pay 4½ per cent compounded half yearly. As the hon. member for Cariboo pointed out, on the incomes these people are receiving, including both civilians and veterans, it is absolutely impossible for them to pay those large sums of money at that high rate of interest over the period of time allotted in the contract, or the extended period allotted in the bill before us. I suggest that the minister should give careful consideration to devising some scheme whereby the national credit of the country could be used to give these people decent homes, and at an interest rate sufficient only to cover service charges.

I should like to refer to another aspect of the matter, and in this connection I again refer to the contract. The reference I am about to make would apply to veterans who are affected by different types of government housing programmes, as well as to those who are building houses under the National Housing Act programme. I believe every consideration should be given to the man who is purchasing one of these houses. It is a lifetime investment for him, and a tremendous amount of money that he is required to invest.

I suggest that every time a man makes a payment it should be recognized that to that extent he has a definite equity in the home. I do not believe the contract should be worded as it is today, so that the lending agency is in a position whereby, should the builder, civilian or veteran be unable to pay his required instalment, it can evict the individual affected. I know it might be said that the mortgage companies or lending companies would not do that. But I know of actual cases where mortgage and lending companies have done that very thing, although not under this legislation.

There should be some protection for individuals who are building these homes. When a man has made payments amounting to six or seven thousand dollars and then suffers some misfortune and finds that he must miss two or three payments, it seems most unfair that a lending company should be in a position to dispossess him of his entire property, and the equity therein.

Mr. HARRIS (Grey-Bruce): Do they?

Mr. JOHNSTON: According to the contract they can.

Mr. HARRIS (Grey-Bruce): But they do not.

Mr. JOHNSTON: It is nonsense, if I may be excused for using that word, to suggest that we should leave a clause in the agreement under which such procedure would be permitted. If it is not done as the hon. member suggests, then why leave the clause in the contract? Why tempt those companies with a clause of that kind? I suggest that it should be removed.

I am not saying for one moment that a lending company should not have fair and reasonable protection, but I say that under this legislation the government is giving those companies that reasonable protection, and the financial interests of those companies in these undertakings would not be affected if that clause in the contract were removed.

I am not an expert on the wording of contracts, but it seems to me it would be a simple matter to prepare a clause whereby, if a man through misfortune finds that he has reached a point where all parties concerned are agreed that he cannot continue his payments, a clause could be inserted stating that the property could be disposed of to some other individual on the understanding that a man who had paid six or seven thousand dollars would have his equity in the property returned to him. The property should be resold, not just to anyone the company might select, or at any price it might set, but to the highest bidder and at a reasonable price. Then, after the actual expenses of the sale were deducted from the proceeds, the remainder should be returned to the man who originally entered into the contract with the company.

This would be unjust neither to the company nor to the man who bought the house. It would not deal unfairly with the government. If any of the three is financially able to take the loss, surely it would be either the company or the government, but certainly not the individual.

I have only a word more to say in the matter, and I have no desire to detain the house beyond six o'clock, particularly if it is the wish to have this measure passed today. I would however suggest to the minister that he review the contract. I draw it to his attention particularly as it applies to veterans under Wartime Housing, but not so much in respect of National Housing, which concerns a different class of people. I suggest that the minister might give this matter his consideration with a view to making some change in the contract so as to give a purchaser of one of these homes a fair and equitable share in the property he is acquiring.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. W. A. McMASTER (High Park): Mr. Speaker, I desire to speak for a few moments on the housing situation, which still is critical, although I had hoped that before this time the problem would have solved itself as it often has done in the past. I should like to support the suggestion made this afternoon by the hon. member for Trinity (Mr. Skey) that the notice given to tenants in shared apartments be shortened. The present notice is six months, which is a very considerable time. I know that in the city of Toronto, if the landlord comes before the judge who is in charge of rental administration and can show any reasonable ground for having the period shortened, that is done. But that means that the landlord has to take legal proceedings, which is something that should be avoided if possible. The fact of occupying shared apartments has a curious effect on both landlord and tenant. The fact that the tenant cannot be put out without extra notice undoubtedly makes him more independent, and it is strange how that reacts on the landlord or the man who owns the property.

When this freezing order first came out I knew a landlord who was a very fine man. He had upstairs in his house a tenant who shared his accommodation. The tenant had been there for two years, but almost as soon as the freezing order came out, just because the landlord could not give that man notice he wanted to get him out, and as a result there was bad feeling between the tenant and himself. If the landlord could have given him notice at any time the tenancy would have gone on for a considerable period or perhaps until some other arrangement agreeable to both parties had been made. This curious trait in human nature is an undoubted fact and cannot be lost sight of. I am sure that if two months notice could be given that would be fair to the tenant, because we must remember that the fact that a tenant moves from one place to another and somebody else moves in to his place does not make any less accommodation. It simply means that the tenant occupies some other place and the owner gets his own property. If two months notice could be given a condition could be added that the owner of a shared apartment must rent the place within two weeks or some other short period of its becoming vacant, so that it would not be kept vacant indefinitely; unless the landlord might be able to show that the accommodation was necessary for himself and his family.

Again, I think something should be done to allow a man under certain conditions to get into his own house. I know cases in Toronto where the tenant is living in a house at a small rent, and quite often he has only himself and one or two children, whereas the owner has a large family. Some rule should be made whereby the landlord could make application to the court to obtain possession of his own preperty under certain conditions. It would not be a great hardship on the tenant. Many of them are now paying a very cheap rent and could buy a house of their own, but naturally if they can live cheaply in another person's house they prefer to do so.

Another thing which I have often thought it would be wise for the government to do, is for the minister to decide on the type of house that should be built. Just before the war broke out, a popular type of house was the five-room bungalow. It is uneconomic. It can hold only one family. You cannot divide it up. You cannot rent rooms in it. The reason it was built was that the only people who were buying houses in those days were men in the prime or in the evening of life whose families had grown up and gone away, and they wanted to get into a smaller house. As the fruits of their labours they often had a certain amount of cash with which to buy a house. Strange to relate, the other type of people who bought that kind of house was the newly married couple, not thinking of the time when they would need a larger house. They bought the little house because it looked nice and appealed to them. Every few years produces its own type of house. In Toronto a builder of thirty or forty years' experience could look at any house and tell you when it was built. At one time the mansard roof was popular; at another it was the eight-room house with gables, and at another time another type of roof. When these houses are being built they are popular and the kind that people want to buy. It is most unfortunate that the popular type of house today should be the five-room house. I think the minister should insist on the semi-detached eight-room house being built. The other day the minister suggested, when I spoke of the cost of building houses, that High Park was a very high-class district. It is not entirely so. I venture to say that twenty per cent of the houses are semi-detached, and the great majority of the others, if they are not semi-detached, are built so close to another house on one side that they are practically in the semi-detached category.

I was interested in reading a heading—I did not read the whole article—in the *Saturday Evening Post*. It pointed out that in the city of Baltimore there are a great many semi-detached houses which, with a narrow frontage, provide a cheap economic house to live in.

I was surprised and somewhat gratified to read in the *Christian Science Monitor* of May 24, an article referring to South Africa's plans for housing. They apparently have the same critical shortage of houses in South Africa that we have, and they are apparently meeting it as well as if not better than we are. This is the part I wanted to read:

> New types of housing have been evolved. It was obvious that for the lower-rent houses, South Africa would have to depart from the "bungalow" type. Semi-detached double-storey houses could be built and serviced much more economically. The aim was to bring down the cost per dwelling to below £1,000; for rentals between £6 and £7 a month.

I suggest that a great deal could be done to relieve housing if the government would insist on these double semi-detached houses, because they lend themselves to being divided into shared apartments in a manner that no one-storey building, especially a one-storey five-roomed house, can be. I cannot agree with the new legislation that has been introduced by the minister with respect to the extension of the time of these mortgages. I have seen these long periods enacted before in the case of municipalities where they have thirty-year periods for the payment of schools and other local improvements. It is uneconomical. It would be all right if we were getting the money at 2 per cent, 2½ per cent or 3 per cent. I believe the rate of interest on the loans we are obtaining under the National Housing Act is 4½ per cent. If I am wrong I wish the minister would correct me. At 4½ per cent the quicker you get the loan paid off, the better.

When the minister introduced this bill I asked him a question, and I think he told me that the difference per thousand was that in the case of the twenty-year period it would cost $6.30 per thousand, and in the case of the thirty-year period it would cost $5.09 per thousand, a difference of $1.21 a month. In other words, on a $5,000 house, which I think is enough for the ordinary working man to pay for, it would mean about $6 a month extra. The sum of $6 a month would not be serious for the prospective owner. If he ever intends to pay for it he ought to make a special struggle to pay that $6, because, if he does not, at the end of the five years he has paid practically nothing on principal. I have calculated rather casually to within a few dollars how it would work out. If he takes the thirty-year term, at the end of five years he would have paid off about $450 on a $5,000 house. That is hardly enough.

Again I recall to the minister that in making these loans some time ago—I have not seen one lately—they did not, even though it was based on a twenty-year amortization plan, make the mortgage run longer than for ten years. At the end of ten years, even on the twenty-year amortization plan there was not very much paid on the principal. If the time is extended to thirty years the purchaser, even if he has paid for ten years, will have the very small sum of $1,000 paid on his mortgage, and that will be discouraging to him as well as very unsafe for the lender. I would suggest that the benefit which will be coming to any prospective purchaser, the mortgagor, by extending the term, is illusionary and not in his best interests.

Mr. F. S. ZAPLITNY (Dauphin): Before the debate is closed, I wish to discuss briefly a matter which affects my own constituency, which is, I believe, of general interest to the country. Some time ago the minister announced in the house that the corporation known as Housing Enterprises had for the most part decided to drop its building project for this year. I hold in my hand a clipping from a newspaper that appeared the day after the minister's announcement. This article gives certain information on that. Here are some of the reasons that were given after the minister made his announcement. I am not sure which paper this is, but I think it is a reliable one. It says:

> Because of the continued high cost of material and labour and subsequent failure to provide low rentals, Housing Enterprises Limited, operated by the life insurance companies under the National Housing Act, has decided to drop its 1947 building programme, Reconstruction Minister C. D. Howe told the house this afternoon.

Then a little further on, the following appears:

> The situation was brought to a head when a firm bid was received for 400 units in Hamilton and which bid would result in rentals of from $55 to $75 for three, four and five-room units respectively.

Further on, in reply to a question by the hon. member for Mackenzie (Mr. Nicholson), the minister said:

> The rents being charged in the Toronto area were so high that they were not in the class of low-rental housing. They ran between $45 and $55 a month.

I put that on the record because it has a bearing on what I want to say about Housing Enterprises. I believe that the experi-

ment which was perhaps entered into in good faith by the government with this corporation, which is a holding company for the life insurance companies of Canada, has not produced good results. I also wish to say that it is strange that the results produced were as meagre as they were when one realizes what concessions this company received from the government.

I have had a little personal experience with this corporation because it so happened that one of the concessions it received was the privilege of buying one of the airports at Dauphin, No. 10, and the terms of the sale, as well as the way in which it came about, created a great deal of interest and not a little indignation in the town of Dauphin and in the district. It appeared that before any of the locally interested bodies had received any notification or any warning that this airport was to be sold to Housing Enterprises, men were already on the job ready to tear down the buildings. However I am not going to labour that part of it because there may have been some misunderstanding there. But the part that is important is that this corporation has received from Central Housing Mortgage Corporation a concession which should have made it possible to construct many more houses than have been built and at a lower price, and houses which could have been let at lower rentals.

For example, in the case of the airport at Dauphin to which I have referred this company was given the privilege of buying thirty-two of the forty buildings that were sold. According to a return which I received, the original cost of these buildings was $799,450. Housing Enterprises paid for all these buildings a total of $64,120, or eight per cent of the original cost. In addition to this, the original cost of putting up these buildings—some of them were constructed in 1940 and some in 1941—was much lower than it would be at the present time because costs of materials were considerably lower. As a matter of fact, I happen to know that the contractors who took contracts to put up buildings in this airport went out to the farmers and, in some cases, under false pretences bought lumber from the farmers at as low as $20. After the company had received a concession of that kind, I was surprised to find, in the course of a conversation with one of its officials, that they had not contracted to build one building in Manitoba. They also bought an airport in the town of Virden. Another return I have here informs us that in the town of Virden they bought buildings that originally cost $463,730 at a price which worked out to a little less than six per cent of the original cost.

We find also that, while Housing Enterprises had not contracted to build any houses in Manitoba, they were given the privilege of coming in and buying up these airports and shipping the material out of Manitoba, some of it going as far west as Regina, Edmonton and Vancouver, and some of it going to Toronto. On top of that, we find that Housing Enterprises had the right to sell to the public on the spot any material which they did not require for their own purposes. Apparently the prices at which they sold were based practically on the prices of new material. We found that, in connection with No. 10 airport in Dauphin, people who came to buy space heaters, which the company bought at the rate of eight per cent of the original cost, which works out at from $31 to $33, were charged, first, $100 and then $150; then, when the demand was great the price went up to $200, and in the end these space heaters were selling for $225 each.

It was the same story with washbasins, sinks, toilets, linoleum and so on. For example, washbasins which were incomplete because the trap was missing were $13 each; sinks, $12.50; toilets, $16; linoleum, $1.75 a yard, and so on down the line. Shiplap, for instance sold at $45 per thousand and dimension lumber, the bigger sizes, up to $50 per thousand. When the citizens of Dauphin and district discovered that this company was tearing down the buildings at this airport and shipping materials out of Manitoba, at the same time making a huge profit on scrap material sold on the spot, they decided to make a protest.

I am not going to repeat the whole story here because the minister is familiar with it. Wires were sent in protest—I have copies of all of them—from the citizens of Dauphin and from such organizations as the branch of the legion, the board of trade of the town of Dauphin, the rural municipality, and so on, protesting that before the local authorities had had any opportunity to make provision for buying these buildings and supplying the material for local use, particularly to veterans who had begun building houses and had not the material with which to finish them, this company walked in and got a number one priority because they happened to be classified as a government agency under the Central Housing and Mortgage Corporation, having the privilege of making a huge profit on scrap material.

As a result of these protests, the officials in Winnipeg did make an arrangement with Housing Enterprises to release a certain

amount of that material for the local use of veterans, and there again I have a protest to make, because we were given to understand that the prices to be charged by Housing Enterprises would be reasonable. No figures were stated at the time, but an estimate was given for lumber of from $25 to $30 a thousand. When the material was made available we found that the veterans were charged $45 or $50 for the same material. The same applied all down the line.

The objection I have is this. The government is going to spend millions. It is well known that Housing Enterprises have the privilege of borrowing up to $90 million on the dominion treasury, putting up $10 million of their own capital, being guaranteed the investment back again and a profit of at least two per cent. In other words, they do not take any risk whatever but are using the money of the policyholders of the life insurance company, investing it, and being guaranteed a profit. They are getting a return on their investment and are also given the privilege of buying up airports which could be made far more useful in local communities or in the provinces where they are. But in spite of all these concessions, we find that today the whole project has turned out to be one big fizzle.

I feel that if the government is going to be justified in spending $90 million or any amount of that size, the money would be far better spent if the government would do as was suggested this afternoon to my right—get in touch with the provincial authorities and the municipal authorities and offer them the same concessions as, or even better concessions than they offered Housing Enterprises. I believe that, because these authorities have some responsibility to the public, they would see to it that houses were built and rented at cost.

The more we study the agreement between Housing Enterprises Limited and Central Housing and Mortgage Corporation, the more we realize that the whole scheme does not look genuine. The whole scheme is worked out in such a way that Housing Enterprises cannot lose; and when we realize that, after having received a loan, after having been guaranteed a profit, the houses which they build belong to Housing Enterprises, and after payments have been made for a period of fifty years they still own the houses, we can understand the situation. It is true that some houses after fifty years will not be worth much, but some will be worth a considerable amount of money, and there is no reason why a private company should be given such a plum at a time when houses are badly needed.

If the government had spent the same amount of money, or had risked the same amount of money and given the same concessions to the municipal and provincial authorities, we would have had houses at a lower rental price and it would have been more satisfactory all round.

I am particularly worried about the fact that in such communities as Dauphin and other towns of that size, where the local authorities were interested in doing something about houses, they found almost overnight that the airports which should have been made available to them were suddenly sold to someone else. Somebody comes along and takes all the material and ships it out of the province, and nothing is left for the local people.

The minister is aware that in the town of Dauphin there was organized a veterans' company, consisting of returned men, who were willing to buy either of the two airports there, tear it down, and make the material available to the local people for building purposes. That company was not even consulted or let in on the deal at all. The company knew nothing at all about the matter until Housing Enterprises walked in and took the airport over.

What was said this afternoon by the hon. member for Vancouver-Burrard (Mr. Merritt), although it sounds like a new line of policy from that side of the house—

Mr. GREEN: He has advocated it several times before. That is a little bit political.

Mr. ZAPLITNY: If you want to get political I will start in the right place. During the last two years, we have been hearing nothing but private enterprise from members of the Progressive Conservative party in regard to housing, but today they admit that it takes the government and the provincial and municipal authorities cooperating to get houses built. I have not heard the words "private enterprise" mentioned once in the whole debate.

I believe that if the line of action I have outlined were taken the government could retrieve something out of this muddle that has resulted from the breaking down on the project of Housing Enterprises. The government realizes today, as hon. members do, that the reason why low-rental housing will never result from the operations of private firms building houses is that these firms are not in the business of building houses for the use of the people but for making a profit.

I am not going to argue now the question whether making a profit is wrong, but the objective is more houses and lower rental houses, and it is up to the government to invest every dollar possible in this project on

a non-profit basis. The experiment with Housing Enterprises has been perhaps a lesson. It has been a costly one.

I find from another return that during the past year this firm was advanced loans totalling over $16 million, and the result of all that has been that only a limited number of houses—I have not the figures here—were built, and houses which originally were planned to be rented at $35 a month have now to be rented at $55 or $65 a month.

I also want to register a protest on behalf of Dauphin and other communities in Manitoba where airports were bought and wrecked without the local people having an opportunity of receiving the materials they required.

I am not going to take more of the time of the house, because some of the other material I have can be used perhaps on the various sections of the bill. I want to say emphatically that the results of the experiment in the last two years have proven that if we are to have low-rental housing it will have to be done through public enterprise, through local authorities cooperating with the dominion government, with the objective of providing houses and not making profits.

Mr. J. H. HARRIS (Danforth): I presume, when the minister speaks, he will close the debate. If I might have an opportunity to say or word or two I promise you, Mr. Speaker, that I will not read my speech, which has not been my habit for two or three decades. I should like to make one or two general observations with regard to this question which seems to be gripping the imagination of the Canadian people. To my mind, broad enough consideration has not been given with regard to the real wants with regard to housing. It seems to me that our people—perhaps on account of the tragic war we have come through—having been brought to the large centres to ply their handicrafts in the art of making war material, are not desirous of going back to the place whence they came. If your department, sir, would give some thought to the reason for this shortage they would perhaps find that in yesteryear many of those now seeking housing accommodation in the large centres of population could find abundance of housing accommodation in the counties of Ontario, for example, or in the counties of Nova Scotia, Prince Edward Island or New Brunswick. I cannot speak so well for what provision there is in western Canada to house our people. But no one in this chamber can gainsay the fact that there are scores of houses vacant in the back country, one might call it, or in the country portion of Ontario and the other provinces. They are nice houses, but are a little old, and need a little repair and attention. They are surrounded by an abundance of the best farming country anywhere in the civilized world, off which people could get a good living.

In spite of all the discussions which have taken place in this chamber, I have yet to hear hon. members advocating that these houses vacant throughout the length and breadth of our land should be utilized. No encouragement is being given to a movement to get our people back to those vacant properties. Why not, sir, within your department, have every county council within our province make an index of the number of vacant houses and vacant farms within their county and file that with the responsible party? Then instead of, as I sometimes feel disposed to say, wasting propaganda on our people in telling them what they should and should not do, let us have a little propaganda directed toward our people who are seeking housing, asking them to go back to mother nature, to go back to some of these good homes and lands which are lying vacant at the present time.

A quarter of a century ago, it was my high privilege to live on lot 30, concession D, Scarboro—if you will pardon a personal reference—on which there was a little four-roomed house where my family lived on some twenty-five acres of land. From there I took a seat in this honourable house. Looking back on those days, I say to the young men and the young women—part and parcel of the last war—who did so much for us, that after the first war I found myself in that position. Looking back, I say they were the happiest days of my short term of existence in this world. I enjoyed them immensely. Twenty-five acres and a four or five-roomed house built partly by my own hands helped me to understand how easy it was to make a living in this fair land of Canada.

I am saying this now, not for the edification of this honourable chamber but so that those many thousands who are looking for some place in which to live and eke out an existence in the urban sections of our community, may have their sights changed a little, may go back to the land and find how easy it is there, at their age, to make a living. Most of those about whom we are thinking tonight are perhaps between twenty-five and forty or forty-five. I want them to see how easy it would be for them to make a living and to find housing accommodation at very little expense. If they must follow a trade; if they must find their vocation in a city or a town, has there not been a tremendous development in the

matter of transportation in the last quarter of a century? Is it not easy to get to town if the town is ten, fifteen or twenty miles away? If they cannot afford their own T-model Ford, as it were, they can still find, close to many of the large centres of population, all sorts of transportation services to take them to their jobs within the community.

With the least little bit of ambition, in these days when people are demanding an eight-hour day and perhaps working only about seven hours and getting eight hours' pay, much might be done. There are today sixteen more hours left in the day. Thirty years ago, while punching a time-clock at seven o'clock in the morning and again at six o'clock at night, six days in the week, more money was made by one individual in this chamber between the hours of six o'clock at night and seven o'clock the next morning on twenty-five acres of land than was made at the job he had at the factory where he punched a time-clock. Nowadays a job which pays good wages and this other little bit of endeavour after having put in eight hours a day—we need only eight hours' sleep—could give a bountiful living to those of our Canadian citizens who today find themselves looking for a house in which to live and looking, if they only knew it, for some little chore to help occupy those extra eight hours; not the eight hours that he works for someone else, not the eight hours which he requires for his sleep, but those eight hours of working recreation. My recommendation, sir, is that the eight hours of recreation should be spent in some of these thousands of vacant lands in the rural parts of Ontario and the other provinces, which are not too far away from where the individual can find a job. If that is done I think, in the final analysis, we shall have within Canada a stronger and better race of people.

I have trespassed on your time for no other reason than to bring to the attention of the Canadian people the fact that we are not doing right by our country when we allow thousands of farm homes to remain idle when thousands of our people are trekking to the industrial centres and are unable to find roofs to put over their heads. They are more and more becoming the type of people whom some of us in this chamber encourage to lean on the government instead of on themselves, instead of applying themselves in the grandest land that civilization has ever known, our country, Canada.

Mr. R. M. WARREN (Renfrew North): Mr. Speaker, I had not any thought of entering into this discussion on housing, although I did spend some time this afternoon listening to the hardship stories of some of the hon. members of the opposition until I found myself on the verge of tears. I have been rather quiet on this subject; as a matter of fact, I have been rather quiet on all subjects during this session. Perhaps one reason is that I formed the habit of talking to my people every two weeks for fifteen minutes through the local broadcasting station. That may have acted as a safety valve and I have not found it necessary to take up much of the time of the house.

When I came back tonight and found that the discussion on housing was still continuing I started to tell a story about housing to one of my friends outside. This incident came to my attention not long ago and I had used it in one of my broadcasts. I went up to my office to get a copy of that broadcast and I found that it was even more like a Ripley story than I had remembered. Then I came into the chamber and heard the hon. member for Danforth (Mr. Harris) talking my language and that encouraged me to go on to tell my story of housing.

This incident happened this spring. I was driving along with a fellow and he told me that he had built a bungalow in Pembroke, twenty-five feet by twenty-five, complete with basement, full wiring, painting, decorating and all that. He had built this home while working a ten-hour, rather than an eight-hour day. I do not know whether his wife helped him with digging the cellar, but in any event it was dug by hand. He and his wife ran the cement for the cellar and they built their home without any additional help. This was all done while he was working at a well paid job ten hours a day. He did what is advocated by the hon. member for Danforth. He is a young, healthy, strong chap who came from the farm and knows how to work. He happened to have in reserve a bush lot from which he cut his own lumber.

When he finished his story I asked him if he had any idea how much cash he had invested in the bungalow. Believe it or not, this is what he told me. He said he could not be sure because they had not kept accurate accounts, but their best guess was $600. He said it was $600, not $6,000. I just wanted to give hon. members the details of this instance where a bungalow was built in Renfrew county, in the town of Pembroke.

I can give the house another incident. My wife and I live in a little cottage in Westboro. A little more than a year ago an air force man bought the lot alongside where we live. He was not a carpenter, but he was young

and strong and willing to work. Occasionally he would get in one of his pals who knew more about carpentry work than he did. He has not a basement, but they got in their foundation and a roof over part of the building. His wife and son moved in and they lived there all summer. They accomplished enough to permit the family to live there during the winter. They are still working away at their home, but it is almost complete and it will be a beautiful place in which to live. I do not know how much cash it has cost him, but he has something to show for the work he put forth on holidays and nights, sometimes well up to midnight. As the hon. member for Danforth has said, if you are young it does not hurt you to work until midnight even at such strenuous work. This offers much in the way of a solution for our housing problem, this sort of effort on the part of individuals.

A few blocks over, another air force man did the same thing. He built himself a home and he moved there with his wife and child. Then he was transferred to Toronto and he sold his home for $3,500. I do not know how much of that was profit, but I want to endorse what the hon. member for Danforth has said. I wanted to point these incidents out as being, in part, a solution for the housing problem in this Canada of ours.

Mr. DONALD M. FLEMING (Eglinton): Mr. Speaker, I think I can compress what I have to say on this matter into the space of four or five minutes.

As far as the bill itself is concerned, there is nothing of any great importance in it. It contains routine amendments to the act and takes some of the strictness out of certain provisions. However, the bill has provoked a debate on some of the wider aspects of the housing problem. I am not going to review everything that has been said about housing conditions in Canada during the course of this debate, because all of it sadly is true. I think conditions are worse now than they have been at any time.

The fault does not lie in the terms of the National Housing Act; it lies with the administration. I think the time has come when we should have from the minister a comprehensive report on the housing situation in Canada. The house will remember that the minister made a comprehensive report on July 22, 1946, the first report of its kind for some months. All we have had this session is mere fragmentary reports.

The latest development is that Housing Enterprises Limited has come to a standstill.

[Mr. Warren.]

I should like to read three or four sentences of what I said on this subject on March 22, 1946, as follows:

> Housing Enterprises Limited has announced that its objective in 1946 is the construction of 6,000 housing units in various Canadian centres. That is rental housing. That is a drop in the bucket. Let us not delude ourselves that this will be low-rent housing. It cannot be. The cost of construction today is such that Housing Enterprises Limited cannot build low-rent housing as that term is properly understood. They will probably be medium-rental houses.

Now, in May, 1947, the minister has announced that, because Housing Enterprises Limited cannot build low-rental housing, it has brought its operations to a standstill.

Then, bearing on the matter of the need for a report, may I remind the house of what the minister had to say on this subject when he spoke on July 22, 1946, as reported at page 3672 of *Hansard:*

> As at March, 1946, our minimum immediate housing needs were estimated at 150,000 housing units. This figure is equal to the number of houses which under normal conditions would have been built during the war years to keep up with the increase in the number of families.

And farther on, he had this to say:

> I believe that these figures and estimates, although approximate, are valid and that we can anticipate by spring 1947, an immediate housing deficit of some 180,000 units, or a worsening of the situation by some 20 per cent.

I think the house is entitled at this stage to know what is the present estimated housing shortage, according to the officials of Central Mortgage and Housing Corporation, or of the department presided over by the minister. I would remind the house that the estimate of an immediate emergency housing shortage of 180,000 units as at March 31, 1947, was based on the assumption that there would be built in Canada the full 60,000 housing units set forth in the government's housing programme for 1946.

Then, may I say this word in conclusion. Some may complain about the amount of time occupied in discussions in the house with respect to housing conditions in Canada today. The debate today is an example. What has been said may not have been strictly on the bill, because the bill covers a very narrow front in so far as the general problem of housing is concerned. Only four or five amendments are contained in it, and they are not related one to another.

This emphasizes what some of us have been trying to say in the house in the past three sessions, namely, that there should be a committee of the house to deal with this subject. I suggested a standing committee of the house on health, welfare, housing and

social security, before which reports could be had and where it would be possible to bring officials from the department and officials from Central Mortgage and Housing Corporation for the purpose of securing first-hand information. This would save a good deal of the time of the house.

We do not save time in this chamber by refusing to set up committees of the house to deal with matters requiring intimate and detailed investigation. The housing problem of Canada is far too serious a matter to be allowed to await the time when the government chooses to open up a discussion on housing questions in the house, and to hand out to hon. members, at altogether too rare intervals, prepared statements respecting conditions.

The house has a far greater responsibility with respect to this crucial housing situation than can be discharged by methods of that kind. What we need is a committee before which can be brought first-hand information from officials who can be questioned, so that hon. members may inquire into what they consider to be wrong with the way things are done, and so that they may prod where prodding is necessary to see that proper remedial measures are undertaken. We are not dealing with this problem in the house in what I consider to be a proper and enlightened manner.

Mr. SPEAKER: I would remind hon. members that when the minister speaks he will close the debate.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, having made somewhat lengthy remarks when the resolution preceding the bill was being discussed, it is not my purpose to speak at length on the second reading of the bill. I shall have something to say about the various sections of the bill when we reach committee stage. However we have had a most interesting discussion, and perhaps I should comment on a few matters which were raised in that discussion.

The National Housing Act, which is being amended in the present bill, is the backbone of the financing of house building in Canada at the present time. The bill was amended last year; it is being amended this year, and I have every reason to believe that it will be amended next year, and perhaps at every session of parliament for several years.

The purpose of the amendments is to introduce such changes as may be warranted from year to year to make the National Housing Act an effective method for the financing of house building in this country. The hon. member for Parkdale (Mr. Timmins), in his interesting remarks, suggested that he knew of no building held up for lack of financing. I understood him to say that he knew of no one who had been unable to build a house for lack of money, and that he knew of no builders who had been unable to build houses for lack of money.

That, I think, is an accurate appraisal of the situation. The fact that that is so is due, indirectly, to the National Housing Act. Obviously if borrowing on favourable terms is possible through the National Housing Act, private borrowing must be on a competitive level in order that such private borrowing may continue.

In any event, the result is that cheap and plentiful money has been made available for house building. We have heard the suggestion made tonight that the immediate answer to house building is subsidized state housing. I was surprised to hear that that suggestion came from all parts of the house, including the Progressive Conservative party. I am not closing the door to the possibility that subsidized state housing may be the ultimate solution of the problem; but I do say that if it is to be undertaken there must be quite a different chain of responsibility from the present one. Then, too, there must be a different supply situation, as to both materials and labour, from what exists at the present time.

I would remind hon. members that, under the British North America Act, housing is not a responsibility of the federal government. It comes in the field of property and civil rights, and is primarily the responsibility of the provinces. The federal government has recognized a responsibility for providing housing to take care of the dislocation in population arising through the war. It has been taking an active lead in providing housing for that purpose. But even though it is now taking the lead, it cannot proceed without the active cooperation of the municipalities.

There are great differences in various parts of Canada in the degree of success of housing programmes, and that difference is due wholly to the attitude of the various municipalities. Where a municipality has been cooperative, the number of houses has kept up fully to the requirements of the municipality. If a municipality is uncooperative the best efforts of the government can result only in a partial solution of the situation in that city or municipality. That is inevitable, and one of the handicaps of the department in attempting to provide adequate housing under present circumstances.

I know of no case in any part of Canada where the government has refused to finance housing under conditions that conform to the requirements of the department. Therefore, if any city, or any municipality, in Canada has not its required housing, the fault is largely in the hands of the municipality. Through its active cooperation, that housing could have been made available.

If subsidized state housing ultimately proves to be the solution—and I have said myself that it may be unfortunate if that must be the solution—then the initiative must be taken by the local authorities, by the provinces and the cities, with the help of the federal government. I think no one will quarrel with that viewpoint. That is the only possible way of carrying out housing of that type. That is obviously the proper chain of responsibility.

Mention has been made of slum clearance. There is a great job to be undertaken in slum clearance. But that job must be undertaken through the leadership of the provinces and the municipalities. Hon. members will appreciate that the federal government cannot go into a municipality and earmark certain blocks for demolition and reconstruction. That is a work for the municipality. I know of only one city which has undertaken any activity in slum clearance, and that is Toronto. As soon as the suggestion was made to the federal government that Toronto wished to undertake a project in slum clearance, part 2 of the National Housing Act was made effective, and assistance under that section was offered immediately to that city. At the present time Toronto, in undertaking that particular project, together with cities in Saskatchewan are the only cities in Canada empowered, under their charters, to enter into and to invest city funds in the housing field. I have seen no inclination on the part of the provinces to urge their cities to accept legislation that would entitle them to enter that field.

Slum clearance is a job that must be undertaken in Canada. It has been suggested that house building would be an effective method of relieving unemployment in time of depression. That is quite true, and it should be used for that purpose. In areas of spotty employment in Canada, the department urges that labour be absorbed in a housing programme. There is no more effective employer of several classes of labour than house building, and slum clearance is a splendid method of providing work where work is needed in low-employment areas. I hope that slum clearance will be used for that purpose. But obviously the time to undertake slum clearance is not at the period of highest employment in the history of this country, at the period when this country was never more prosperous.

Someone mentioned investment in housing in Sweden as compared with Canada. The difference is that housing in Sweden is state housing, and the figures given indicate the full cost of the housing, whereas the figures in Canada indicate only the government's share of housing investment, the bulk of the investment here is being carried by the lending institutions. The full expenditure in Canada on housing is vastly greater than the figures mentioned for Sweden. My department has studied house-building figures in all parts of the world, and we are unable to find any country which has built more houses per unit of population than has Canada during the post-war period.

We set a programme in 1945 for house-building in this country—I have mentioned it several times in the house—of 50,000 houses for the first full year after the war. We were able to improve on that. Slightly under 50,000 houses were built in 1945. The target for the second year was 60,000, and in 1946 we built 62,500. The objective is 80,000 for 1947. We have succeeded up to the present time in meeting our objectives. Whether we shall do so this year is in doubt at the moment. Progress of new construction must be much better in the next month or two if we are to meet that objective. The reason is that costs have risen to the point where a new orientation is required to provide houses within the reach of low-income families, and the purpose of this bill is to take steps in that direction. Means must also be found to overcome the shortage of serviced property in or near centres of population. That is another purpose of the bill.

A good deal has been said about Housing Enterprises Limited. I would point out that Housing Enterprises Limited was not a project of the federal government. It was a private corporation which borrowed money under the National Housing Act, just as any other corporation or private individual. It was formed to build low-cost housing. The government has never been happy about that phase of the project. Even in its early stages it seemed doubtful whether it was building a class of housing that this government should endorse as being in the low-rental area. However, the insurance companies had for years been bringing pressure on the government to end government construction. It was claimed that this was a field which should be left to private enterprise. The government has always countered with the answer: If that is your field, why not take some direct part in it? Housing Enteprises was started as a private

venture with the support of the federal government and by invitation of the federal government. The results have been becoming less and less satisfactory. Rentals that looked reasonably favourable in the early stages became higher than could be regarded as favourable in the later stages. When the decision was made by the insurance companies —not by the government—that activity in this field should be ended, the government had no objection.

The hon. member for Dauphin (Mr. Zaplitny) mentioned special concessions to Housing Enterprises Limited. He knows as well as I do that the same price for buildings to be dismantled in the prairie provinces has been made to all priority holders. Practically all the buildings in Saskatchewan were bought by the government of Saskatchewan on the basis that he has mentioned, eight per cent of the original cost. A large number of buildings in Alberta were bought by the provincial government of Alberta at eight per cent of the cost. A few buildings in Manitoba were bought by the government of Manitoba on the same basis. The first priorities go to the dominion, the second to the provinces and the municipalities. For its operations in the housing field Housing Enterprises Limited was considered to hold a first priority. The transaction was perfectly in order and perfectly parallel with the disposal of every building of that type in the prairie provinces. I could continue and go into more detail but I suggest, Mr. Speaker, that further discussion be in committee.

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

Section 1 agreed to.

On section 2—Corporation may execute documents.

Mr. FLEMING: Will the minister say a word by way of further explanation of the scope of this section? Actually the section, as one reads it, confers on the corporation powers much beyond the purpose of the section as stated in the explanatory note. Has the minister a statement to make on this section? Can he indicate the concrete situation which has arisen, which in turn has given rise to the proposed amendment?

Mr. HOWE: Section 2 of the bill proposes an amendment to give Central Mortgage and Housing Corporation power to convey property of His Majesty and deal with other matters with respect to title. The need for this amendment is that we are embarked upon a policy of selling Wartime Housing units to present tenants. The granting of the power is desirable so that the corporation may effect these sales arrangements and, in making title, avoid the cumbersome procedure of letters patent. Hon. members will remember that for the same reasons similar power is held by the Canadian farm loan board and the director of the Veterans' Land Act.

Section 3 (b) is further amended to give the corporation power to sell properties either for cash or on a deferred payment plan, and to take an agreement for sale or mortgage for the balance of purchase price owing.

The section is further amended by giving the corporation the right to sell mortgages or agreements for sale which they may hold as a result of selling Wartime Housing units. The amendment also gives the corporation power to dispose of loans made under the terms of the National Housing Act and in particular, loans made under the amendment proposed by section 8 of this bill. When the corporation takes a mortgage loan which fits the National Housing Act pattern, it is proposed that if participation in such a loan is sold to a lending institution, the loan may fall under the terms of an existing agreement or contract between the corporation and the lending institution.

Mr. FLEMING: Will the minister detail the method by which the houses built by Wartime Housing Limited can be vested in Central Mortgage and Housing Corporation before the situation contemplated by the new section will arise?

Mr. HOWE: The title is vested in His Majesty. Ordinarily the title would pass by letters patent issued by His Majesty. This amendment will give Central Mortgage and Housing Corporation the right to act for His Majesty in making the conveyance in the ordinary way.

Mr. FLEMING: The section says:

Where title to real or other immoveable property is acquired by the corporation in the name of His Majesty . . .

Where the houses are built by Wartime Housing Limited, I wish the minister would indicate in detail how the title situation is worked out where the land is, in the first instance, conveyed by the municipality to Wartime Housing Limited. How do they get into the title position where the conveyance can be made to Central Mortgage and Housing Corporation?

Mr. HOWE: Paragraph 3 reads:

Where title to real or other immoveable property is acquired by the corporation in the name of His Majesty or the corporation, either solely,

or jointly with any other person, or where the corporation is authorized to sell or dispose of real or other immoveable property of His Majesty, the corporation may sell or otherwise dispose of such property . . .

That would be what my hon. friend refers to. The corporation is authorized to sell property of His Majesty.

Mr. FLEMING: That still is not clear. Where Wartime Housing Limited has entered into an agreement with the municipality to erect houses, the agreement is executed by Wartime Housing Limited. The reading of the section by the minister does not cover my inquiry. I am going back a step to ask the minister how the title at the present time gets into Central Mortgage and Housing Corporation to enable them to exercise the powers proposed to be conferred by this new section of the act.

Mr. HOWE: Wartime Housing Limited acquired title in the name of His Majesty. Title to houses was never held by Wartime Housing Limited; it was held by His Majesty, so that all Wartime Housing titles are in the name of His Majesty. So far as the agreements with municipalities go, of course the agreements must be negotiated before any sale is made. A sale can take place only when title to the property and to the house is absolute in the name of His Majesty. After that, the amendment now being made will permit Central Mortgage and Housing Corporation to sell the land of His Majesty by ordinary methods rather than by the method which is ordinarily used for conveying crown land, which is by letters patent.

Mr. FLEMING: I take it from the minister's answer, then, that in view of the terms of the agreements entered into by Wartime Housing Limited with the municipalities, it will be necessary in all cases to clear any individual sales to tenants with the municipalities.

Mr. HOWE: Not individual sales.

Mr. FLEMING: Many of these agreements that I have seen have given the municipality the option to purchase these houses from Wartime Housing Limited. Is that a uniform provision in all the agreements? Will it therefore be necessary in every case to obtain a release of interest on the part of the municipality before Central Mortgage and Housing Corporation under this section would be in a position to convey title to the tenant?

Mr. HOWE: That is correct.

Section agreed to.

Section 3 agreed to.

On section 4—Joint loan repayable for a period up to thirty years.

Mr. PROBE: This section indicates that a loan is available to the prospective owner by an agreement up to 95 per cent of the first $3,000 of the lending value of the house or any part thereof; 85 per cent of the amount by which the lending value of the house exceeds $3,000 and does not exceed $6,000, and 70 per cent of the amount over $6,000. On the surface this looks as though on the first $6,000 is would be possible to get a mortgage of $5,400. In other words, by putting $600 cash on the line a person would have an equity established in the house. But the lending value is altogether a different thing nowadays from the cost, I presume, of the construction of houses. What is the yardstick used by the department in setting the lending value of houses with reference to present building costs? Could we have a statement on that, because there is much disappointment? It is felt that prospective owners with $600 cannot buy a house that costs $6,000 to construct.

Mr. HOWE: The lending value of the house is the cost of the house to an efficient builder. Under the integrated plan, there are builders who actually build houses under the lending value, and there are other builders who cannot build under but considerably over. It is the cost to an efficient builder.

Mr. NICHOLSON: Where are the efficient builders in Canada? Where are they to be found?

Mr. HOWE: All across Canada.

Mr. PROBE: In practice, you would consider an official builder—

Mr. HOWE: Not official, but efficient. We have different lending values for almost every town in Canada and they are fixed by the efficient builder in that area.

Mr. TIMMINS: I have already pointed out to the minister what he said at page 2660 of *Hansard:*

> We propose that where there is some control on the end sale price of the house to the home owner, the ratio of loan on a $3,000 lending value shall be 95 per cent, grading down to 90 per cent on a $6,000 lending value.

Do I take it that the amendment in respect of increasing the lending value applies only to loans on houses which are being built under the integrated housing plan?

Mr. HOWE: The extra term is given only where the government can have some guarantee as to the selling price of the house. It applies to the integrated plan. It may apply

in other cases if the government is satisfied that the selling price bears a reasonable relation to cost.

Mr. TIMMINS: It applies only where the government has some control over the question of what the sales price will be.

Mr. HOWE: That is right.

Mr. NICHOLSON: Would the minister explain subsection 6:

> The governor in council may by regulation prescribe additional terms and conditions under which a joint loan may be made pursuant to subsection 5 of this section, and in addition may fix and determine a date on and after which or a period during which loans shall not be made under subsection 5 of this section.

This appears to me to be an unusual clause to have in the statute. Will the minister explain why it is so worded?

Mr. HOWE: That refers to the point I have been discussing. The longer term is given only in cases where the government has some control over the sales price of the house, and the governor in council reserves the right to pass additional regulations as to the nature of the control required to obtain the benefit of that section.

Mr. PROBE: I am still anxious to get a further elaboration by the minister of what he means by an efficient builder with respect to lending value. Central Mortgage and Housing Corporation maintains a list of some sort of recognized builders in localities, or is it following an inspection of the building site that the corporation sets the lending value, or how is it that a prospective home owner can decide that he has enough money on hand to go ahead with a house-building project if he comes within the apparent percentages stated here? This is a more important point than so far it has appeared to be.

Mr. HOWE: The departments with which I have been associated have been building low-cost housing since 1942 in every city in Canada. We believe we know what houses should cost, and the lending values are established accordingly. We find that efficient builders can often get below what we believe to be the fair cost of building houses in a locality. We call those efficient builders. Other builders have costs higher than we believe to be reasonable. We do not classify them as efficient builders. As costs vary, lending values are varied, and we believe we have sufficient experience to set the lending value at a fair cost for an efficient builder.

Mr. PROBE: Does the department set it on the plan of house which it receives—

Mr. HOWE: Yes.

Mr. PROBE:— or does it set it on the estimate of the builder's efficiency?

Mr. HOWE: We base it on plans and specifications.

Mr. FULTON: With regard to future building under the Wartime Housing scheme, is it possible to build houses with basements? In my own city they want twenty-five more wartime houses, but they want them with basements and they have been told that they cannot have them if basements are required. Why is that not possible?

Mr. HOWE: The purpose of Wartime Housing is to provide low-rental housing, and unless we can provide low-rental housing we prefer it to be furnished under some other government-sponsored plan. A basement costs from six to eight hundred thousand dollars—

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE: Some basement.

Mr. PROBE: That is not efficient building.

Mr. HOWE: Five to eight hundred dollars. I am so used to millions, hundreds of thousands are small amounts.

Mr. SMITH (Calgary West): What's a million?

Mr. HOWE: They cost from five to eight hundred dollars each and this adds several dollars a month to the rent. It often takes the house out of the low-rental area. Under Wartime Housing, we tried to have the rent from $22 a month to as high as $35. We have the integrated plan and there are several other plans. If a man wishes a basement we would like him to come under one of the other plans, which may not be more expensive than Wartime Housing, but we must keep Wartime Housing in its field, or we get out of our proper sphere.

Section agreed to.

Section 5 agreed to.

On section 6—Company may invest funds in purchase of land for housing development.

Mr. NICHOLSON: The explanatory note on the opposite page says:

> This new section 11B empowers life insurance, trust and loan companies to acquire land, improve it and sell it for residential purposes. The terms upon which any such land may be purchased, developed and sold under this section are set out in the section. The section also provides that Central Mortgage and Housing Corporation shall guarantee a company operating under this section a return of its investment,

together with a rate of interest not to exceed two per centum per annum. The period of the guarantee shall not exceed five years.

Will the minister tell the committee whether discussions have taken place with the municipalities which would be involved? I gather that this section has been added because of the difficulty in acquiring land, particularly in the metropolitan areas. If we are now proceeding by act of parliament to set up machinery that will allow development to take place adjacent to a city, then naturally the municipal authorities are vitally concerned and will want to know where they stand in the question of providing schools, sewers, parks and driveways. When developments of this type are completed they place an additional burden on the transportation facilities of the area. If, for example, a large development were to be completed outside Toronto, the city transportation facilities would have to be used to enable the people living in that area to come to work. That certainly places a burden on the people in the Toronto municipality. Will the minister indicate whether clearance has been given with the provincial and the municipal authorities, to make sure that this is not an invasion of provincial and municipal rights? Further, what guarantee will be given to the local authorities if a programme of this sort collapses? I gather that this act is being drafted with a view to accommodating Housing Enterprises; if, after they operated for a couple of years, they decided that their project was not feasible, who is to take the responsibility for guaranteeing the people in that particular municipality that they will not be saddled with a white elephant in maintaining these services in the area? Can the minister make a statement on that?

Mr. HOWE: This act is not tailored to fit any existing situation. It certainly is not intended to fit Housing Enterprises. Their days of land assembly are finished, as far as I know. This is to make provision for the assembly of land by a financial institution.

Mr. NICHOLSON: What sort of financial institution?

Mr. HOWE: Well, a mortgage company or an insurance company. Under the Insurance Act, an insurance company cannot purchase land. It is not legal under the act to do so. This would make it legal. It would make it possible for an insurance company or other lending institution to finance a properly organized agency to assemble land and develop it for sale to individual builders or to large builders. The section provides that the approval of Central Mortgage and Housing Corporation must be obtained for all phases of the transaction, and the metropolitan planning boards are required also to give approval to the proposed development.

Mr. NICHOLSON: Where is that mentioned in section 6?

Mr. HOWE: The metropolitan planning boards have jurisdiction in any event, and no land assembly could take place without the approval of the planning boards.

Mr. NICHOLSON: Should that not be provided for in the act?

Mr. HOWE: It is in the provincial act. No authority can take that away. This is simply making financial provision to make it possible—

Mr. NICHOLSON: Before you leave that point—

Mr. HOWE: Just sit down now, please.

Mr. NICHOLSON: Thank you.

Mr. HOWE: This simply makes it possible for the financing of land assembly by private agencies with the approval of Central Mortgage and Housing Corporation. The land assembly must be carried out under the laws of the province and the regulations of the municipality. That is necessary in any event. It is simply a private transaction. It is not the government using *force majeure*. It is simply the government lending money. We believe it is necessary to provide that type of financing in order that land assembly and land services may be kept ahead of the housing requirements of this country, particularly adjacent to large cities.

Mr. NICHOLSON: I understood the minister to say that Toronto was the only metropolitan area which had legislation that would enable the federal government to embark on this sort of thing.

Mr. HOWE: No; I said nothing of the kind.

Mr. NICHOLSON: Then how many centres in Canada are there where there are metropolitan areas which have such legislation. The minister mentioned Saskatchewan. We have machinery there that would enable it.

Mr. HOWE: If my hon. friend would listen instead of jumping up and down, he would appreciate what was said. I was not referring to the land assembly in any way when I made that statement. I was referring to the right of municipalities to invest municipal funds in building houses.

Mr. NICHOLSON: The minister has still not answered my question. This section provides for moving into municipalities to develop new lands. As I pointed out, it will place a burden on the transportation, water and sewerage systems in adjoining municipalities. What provision is being made to ensure that the municipalities so affected will not be worse off as a result of this development than they would be without it?

Mr. HOWE: If any municipality does not want it, it has a right to refuse its facilities. No municipality has to provide sewerage. No city has to provide sewerage for outside municipalities. This is not the government doing these things. The government is simply lending money, or guaranteeing the lending of money. These are private individuals assembling land under the laws of the province and under the regulations of the municipality.

Mr. FLEMING: As to this section, I think most of us in the house will be in agreement with the desirability of legislation of this type, having in mind what has been accomplished in the United States by some of the large financial institutions such as insurance companies and others in building housing. While this particular section does not go very far, perhaps it will help to bring about large-scale housing developments which have within them the possibility of good planned development in certain municipal areas. However, the thought that strikes me in reading this section is this. The power to be conferred by this section is hedged around with so many restrictions and conditions that I wonder if many of the financial institutions are likely to take advantage of it. When the legislation preceding this bill was under discussion, our socialist friends to the left made much of the fact that the guarantee of a two per cent return was to be given to these companies, together with the return of their capital investment, and the guarantee was to extend for a five-year period. In relation to the risks and other conditions which are attached, I do not think that can be said to be any great inducement to these lending institutions. The question was asked of the minister as to what conversations had been carried on with the lending institutions to see to what extent they would take advantage of legislation of this kind. I find that the minister said at page 2673 of *Hansard* of May 1:

> I am sorry I cannot give the conversations with the lending institutions because I have not talked with any of them.

I assume that the conversations were carried on between officials of Central Mortgage and Housing Corporation and these financial institutions. I think the committee would be glad to hear from the minister as to what indication has been given by such institutions as to the extent to which they are prepared to proceed with land assembly schemes of the type provided for in this section.

Mr. HOWE: I am informed by officers of Central Mortgage and Housing Corporation that considerable interest has been shown by the lending institutions since the resolution preceding this bill was introduced. There is every indication that several important lending institutions will take advantage of this section. My hon. friend suggests that it is restrictive. It was intended to be restrictive. It was not to invite speculation in land on the "heads I win and tails you lose" basis. It is framed for developments which have, as their object, making land available for housing rather than for real estate speculation. I think my hon. friend will appreciate the necessity for avoiding the encouragement of speculation in land, under government guarantee.

Mr. FLEMING: Quite so. I think we are all in agreement with that idea, and we are all in agreement with the idea of avoiding the land butchery which has gone on in some of the outlying sections of the metropolitan areas. But unless these financial institutions at the present time have such a plethora of money on their hands that they do not know what to do with it, it seems to me that a two per cent maximum return presents very little attraction to them. It may be that these land assembly schemes will, in turn, lead to building schemes, and the institutions which have entered into them will derive some benefit through lending and mortgage business.

Mr. HOWE: That is the answer.

Mr. FLEMING: It is only in a case of that kind that it would seem to me that two per cent would present any attraction to a lending institution.

Mr. PROBE: I should like to revert to the matter brought up by the hon. member for Mackenzie, and in this connection I should like to refer to page 4 of the bill. The new section 11B (2) (a) reads:

> (a) the land shall, in the opinion of the corporation, be suitable for a residential housing development.

Throughout the country are many urban and other municipalities which have planning boards of various sorts or master plans for their localities. In many provinces planning acts have been passed which give leads in the matter of planning. However, during the last few years and because of the great housing

shortage federal agencies have been permitted to cut across the master plans of many municipalities. I think it is only fitting that I should refer at this time to my own city.

Regina is a well planned, pleasant, little city out on the prairie plains. As citizens of that city, we were proud of our accomplishments in the way of general planning. However, various emergency schemes of the federal government came into being and, by dint of necessity, we had to permit the placing of so-called temporary buildings in localities which were not at all suitable for housing. I think the minister and his department would be the last to say that they have furthered the over-all plan for the city.

The temporary nature of these structures does not take away from the fact that they create a situation which does not add to the attractiveness of the urban centre, and I am sure this situation applies in many other places. I should like to have the minister make an addition to the clause I have referred to and I move, seconded by the hon. member for Yorkton:

> That section 6, subsection 11B (2) (a) be amended by adding after the words "housing development" the words "and approved as such by the government of the province, the planning body and the municipal council for the area in which the proposed residential housing development is situated."

If that amendment is incorporated it would take care of such matters as were mentioned by the hon. member for Mackenzie in the sense that the municipality would express final approbation of the facilities that are to be used, and the planning authority will say whether or not they fit into the general plan for the area. We would not have the sort of thing that has occurred at Deschenes, near Aylmer, Quebec, where there is an enormous veterans development. Those houses were built in an actual swamp, and in many cases the basements have had to be serviced with pumps installed by the Department of Veterans Affairs.

That sort of thing could have been avoided if the local municipality had been drawn into the picture and consideration given to whatever provincial regulations existed in connection with the matter. If a particular municipality did not want to follow out a plan, that would be their tough luck, but it seems to me that there is a way through cooperation by which the true intent of a housing development can best be arrived at.

Mr. POULIOT: The minister seems to be filled with good will. This discussion has involved a lot of technicalities in which I am not interested, any more than the man on the

[Mr Probe.]

street. All I want to know from the minister is what anyone has to do to get a small home. That is a simple question and I do not ask it in an effort to be humorous. I simply want to know how the man on the street can secure a roof to place over his head and the heads of his family. These amendments will change very little the set-up which was organized some time ago. The purpose is excellent, but I ask the minister—and he knows I am sincere—if he can put in a nutshell what the man who wants a small home will have to do to get it.

Mr. HOWE: I assume that my hon. friend is referring to the citizen who wishes to build a small home. All that he would need to do is, first, to obtain a good contractor and, then, through the contractor make application for a loan under the National Housing Act. If he could advance $600 he would be entitled to borrow sufficient money to build a home costing about $6,000. After he has built his home, he would have a mortgage which could be paid off in from twenty to thirty years, but he would have a roof over his head.

Mr. POULIOT: I appreciate what the minister has said and I hope that there will be the least possible amount of red tape in this matter. This is a tremendous problem. During the war, many country people were induced to give up their homes to move to the cities. That caused congestion and that is the reason why some families have to live in single rooms. The minister, every hon. member and every citizen in the country realize the importance of this problem. I sincerely hope that the minister will not be handicapped in his efforts by the red tape of other boards which perhaps would put obstacles in his way. I want the minister to have the most complete chance to execute his plan. He has done all he possibly could to improve housing conditions. This is, of course, completely outside politics, and is for the benefit of the people. Therefore I hope the procedure the minister has summarized will be just as simple for everyone as he has described it.

Mr. NICHOLSON: The minister has intimated that this is merely enabling legislation and that nothing can be done without the consent of the local authorities. The hon. member for Stanstead has also given me a little legal advice to the effect that this is enabling legislation.

But a reading of the section indicates that it is not merely enabling legislation. It commits us to guaranteeing a return on investment at a rate of interest not to exceed two per cent per annum for a period of years,

and provides the conditions under which the investment will be made. It states that:

(a) The land shall, in the opinion of the corporation, be suitable for a residential housing development;
(b) the purchase price of the said land shall be satisfactory to the corporation;
(c) the improvements to be effected and the cost thereof shall be satisfactory to the corporation;
(d) the company shall submit to the corporation an application in a form satisfactory to the corporation containing such information and accompanied by such material as the corporation may prescribe;
(e) the investment shall first be approved in writing by the corporation.

In view of the unanimous opinion of the house that we must have fuller cooperation on the part of the dominion, provincial and municipal authorities in solving our housing programme, I think we should not pass legislation such as is proposed by the minister without making it clear in black and white just what the municipalities will be committed to, if an act is passed. I think there must be some guarantee that the local authorities will not be saddled with the perpetual cost of maintaining services if some arrangement is entered into between the federal government and the life insurance companies to complete a development outside one of our cities. Unless there is some agreement among the people who will be affected, I believe we are heading for trouble. I hope the minister will accept the amendment moved by the hon. member for Regina City.

Mr. HOWE: What the hon. member for Regina City has moved, and which has been seconded by the hon. member for Mackenzie, is that we state in a dominion statute that a citizen of a province must obey the law of that province. It boils down to just that. It is a citizen of a province or a municipality that approaches Central Mortgage and Housing Corporation to obtain a loan to carry on a real estate development in a town in that province. If my hon. friend suggests that there must be a federal statute which says that a man must obey the laws of the province and municipality, I do not agree with him. I think he must do it in any case.

Mr. PROBE: I agree with the minister in that respect, and I am not particularly interested in the legal phraseology. But I do know this, and I believe the minister will agree, that a real estate company can acquire land without the leave of any local municipal body, and can call it a development scheme.

Mr. HACKETT: Acquire land that it could not acquire without the statute.

Mr. HOWE: My hon. friend suggests they can acquire land. I suppose a man can buy it, but he certainly cannot build on it without the permission of the local authorities. The hon. member for Stanstead can give a ruling on that, too, if he wishes, if he sets himself up as an authority.

Mr. NICHOLSON: Not only does it apply to the people in the municipality involved, but the people in the adjoining municipality are also concerned. It is quite conceivable that a satisfactory arrangement may be made with the authorities of a township adjacent to a city, without consulting with the city authorities. I think it is important that we must clear with all the authorities concerned; and unless some amendment is inserted here, we are headed for trouble if we give the federal authority the right to enter into negotiations with private companies to develop in one municipality property which will place unfair burdens on those in adjacent municipalities.

Mr. HOWE: Surely my hon. friend must appreciate that relations between municipalities is a matter for provincial regulation; it is not for a federal regulation. Again I say he is suggesting that we put in a federal statute a provision stating that the residents of a province must carry out the laws of the province. Surely that is not good legislation.

Mr. NICHOLSON: All we suggest is that federal funds should not be spent on any development which will create in years to come a local grievance which will make it more difficult.

Mr. HOWE: I agree that they should not.

Mr. NICHOLSON: But we are guaranteeing against losses in connection with these developments. If you have developments such as Housing Enterprises have started it is quite conceivable that the people in a local municipality will be saddled with an unfinished development, and then the people in the adjoining municipality will have to provide services, bus transportation, light and power for people who have no other way of being serviced. It is not fair to commit the federal treasury to the losses which might result, without having this cleared before the development commences.

Mr. FLEMING: I entertain an even lower opinion of the amendment than that voiced by the Minister of Reconstruction and Supply, who placed his objections on constitutional grounds. As I understood him, he said there is no use in putting in a provision to the effect that the institution concerned

must obey the provincial law. It must do that anyway. It would be just as foolish and just as futile to enact a provision that a provincial or municipal law should be dispensed with, because it would not have any effect.

I do not believe in parliament putting itself in a position of legislating nonsense or meaningless things. But this amendment is objectionable on other grounds as well. I think in all cases the provinces have enacted legislation which places control over land development in the hands of the municipalities. The province does not attempt to regulate or control the development of land itself.

This amendment proposes to say that, in addition to all the other requirements laid down in the section—and, goodness knows, there are so many of them that I fear it will be little used—parliament should say to every such institution that, having obtained the approval of Central Mortgage and Housing Corporation, the company must go to the provincial government, which probably has no machinery for dealing with the matter and is not the least bit concerned. Parliament would be saying this, "You have to get the approval of the provincial government, even though the provincial government will not interest itself in the matter." That is why they have conferred jurisdiction on the municipalities. Then, why tie this thing up in reams and reams of red tape—we have enough of it in the section now—and make the situation worse?

Mr. PROBE: I am prepared to admit there may be a certain amount of red tape. On the other hand, we have a duty to perform, and that is to prevent the purchase of land ostensibly for housing development, and then find that nothing is done about it for four or five years. Then, in the event that it looks to the corporation interested that the development may prove to be a white elephant, they will dispose of it just before the end of the five years, to make sure that they have their two per cent profit. Or, if it is successful, they may hold it at the end of five years, at which time the government's interest in it expires, and they could make a fairly handsome profit out of it. I can foresee that situation developing.

I wonder if the Chairman would mind my asking the Minister of Veterans Affairs what municipality was consulted with respect to the Veterans Land Act development on Deschenes road. I realize that may be slightly out of order because it does not deal with the matter directly in hand, but it does deal with community planning.

[Mr. Fleming.]

The CHAIRMAN: Of course the question is out of order, and if I allowed it similar questions might be asked.

Mr. IRVINE: There is no reason why it should not be answered for all that.

The CHAIRMAN: There is some doubt in my mind whether the amendment is in order, because it makes provincial consent an essential part of the jurisdiction we possess. However, I am not going to rule it out of order, although there is some doubt.

Amendment negatived.

Mr. PROBE: I move:

That section 6 be amended by adding, after subsection 11B, subsection 11C:

"(1) Where a municipality has under appropriate provincial legislation power to invest its funds in the purchase and improvement of land to be used for a residential housing development analogous to the power conferred upon a company under subsection (1) of section 11B, and such municipality satisfies the conditions and enters into an agreement similar to that required of a company under subsections (2), (3) and (4) of section 11B, the corporation shall guarantee to the municipality a return of investment and interest in the same manner as guaranteed to a company under subsection (3) (c) of section 11B, provided that any lands intended to be included in such housing development which are already owned by such municipality shall be deemed to have been acquired by the municipality as of the date of the agreement with the corporation.

(2) Subsections (5), (6), (7), (11) and (12) of section 11B shall apply *mutatis mutandis* to an agreement with a municipality.

(3) For the purpose of this section "investment" shall have the same meaning as in subsection (9) of section 11B, saving that the purchase price of any land to be included in the housing development which is already owned by the municipality at the date of the agreement shall not exceed the actual cost to the corporation, as may be defined by regulation or the fair market value, as may be determined by the minister, whichever is the lesser."

The intent of this amendment is to put municipal public housing authorities, where such exist or may be set up at a later day, at least on a par with private development companies in the application of this section of the act. As the minister indicated a few moments ago, the city of Toronto has the legal right to take advantage of this act, and urban municipalities in Saskatchewan would also be in a position to take advantage of the act if they were enabled to do so by a section such as this. Many municipalities still own a great deal of land of their own, and they would like to have it developed along lines which they have in mind and which are not related to private development business. For that reason I move this amendment, seconded by the hon. member for Saskatoon City.

Mr. HOWE: I would point out that this motion is entirely out of order because it would place a potential tax burden upon the people, and therefore can be moved only by a member of the government, preceded by a resolution approved by the governor in council. Obviously it provides for money legislation and therefore is beyond the competency of the hon. member to move.

The CHAIRMAN: For the reasons given by the right hon. minister I must rule the amendment out of order.

Section agreed to.

Section 7 agreed to.

On section 8—If loan not available under sections 4, 8 or 14 corporation may make loan.

Mr. FLEMING: This section purports to confer on the corporation power to extend loans in cases that are not covered by sections 4, 8 or 14. These three sections are taken from the first three parts of the act. Section 4 deals with the loan on the house owned by the occupant. Section 8 is taken from part 2 of the act, the rental housing section, and section 14 from part 3, dealing with rural housing. If there are any proper cases not already covered by those sections it seems to me at first blush that we should have appropriate legislation dealing with those cases specifically. It strikes me as anomalous that the government should propose a general provision of this kind saying: We have covered all the cases we can think of by sections 4, 8 and 14, but if we have left any out we are giving a general omnibus power to the corporation to make loans. The terms for a loan are not adequately defined, and the cases are not adequately defined. I question whether a provision of this sort is sound legislation for parliament to enact. I think the minister should have specific cases to lay before us.

Mr. HOWE: The purpose is to make sure that the provisions of the housing act set up by these amendments can be implemented. Certain of the insurance companies have so far declined to agree to lend under the thirty-year amortization plan, and certain others object to the ninety-five per cent provision. Since the terms upon which the government guarantees funds are terms agreed to by parliament, the government is taking power to make direct loans on the terms indicated if the insurance companies decline to lend on the terms set out.

Mr. McKAY: I think we are all pretty well agreed that everything should be done to encourage housing construction, particularly low-rental housing projects. I have been informed that some provincial governments and cooperative organizations might enter the field if they had some encouragement from the federal government. If it is within the purview of the federal government I believe that it should give the same financial assistance to the provincial authorities which wish to enter the housing field as is given to life insurance companies and other organizations. I feel that this aid should be extended to municipalities, societies and associations such as cooperatives and on the same terms as are being afforded to others under this act. I therefore move, Mr. Chairman, seconded by the hon. member for Dauphin:

That section 8 be further amended by adding subsection 31B, as follows:

"(1) The minister, with the approval of the governor in council may, on behalf of His Majesty, make a loan to a provincial housing corporation or to a local housing authority for the purpose of assisting in the construction of a low-rental housing project or in the purchase of existing buildings with the land upon which they are situated and their conversion into a low-rental housing project.

(2) A loan under this authority of this section shall be on the same terms and conditions as those upon which a loan may be granted to a limited dividend housing corporation under section 9 of this act.

(3) For the purpose of this section, local housing authority shall mean any municipality, society, association, corporation or commission having authority to construct, hold and manage houses built as a low-rental housing project.

(4) The minister, with the approval of the governor in council, may, on behalf of His Majesty, guarantee to the provincial housing corporation or the local housing authority a net return in any year after completion of the project of three per centum per annum of the cost of the project for a period not exceeding the estimated useful life of the project and in any case not exceeding fifty years.

(5) A loan or guarantee under this section shall, for the purposes of the Central Mortgage and Housing Corporation Act and section 13 of this act, be deemed to be a loan under part II of this act.

(6) The governor in council may by regulation make provision for any matters concerning which he deems regulations are necessary or desirable to carry out the purposes or provisions of this section."

Mr. HOWE: I pointed out that the previous amendment was out of order. All I can say about this amendment is that it is outrageously out of order for the same reason.

Mr. NICHOLSON: To put it in order, I wonder whether the minister would consider introducing it himself.

Mr. HOWE: Not at all.

The CHAIRMAN: It appears to me that it is the unanimous opinion of the committee that it is out of order.

Some hon. MEMBERS: No.

The CHAIRMAN: Then, for the reasons I have previously given, I must rule this amendment also out of order.

Section agreed to.

Mr. NICHOLSON: Before the title carries, may I say I think we should have a preamble, and I wish to say a word in connection with the preamble. In his remarks the minister mentioned that the Swedish performance was not as good as Canada's. I should like to remind him that in one of his publications, "Housing Progress Abroad," we find on page 1, "Purely on a population basis, Sweden would be about fifteen per cent ahead of Canada." I intimated this afternoon that I thought legislation of this sort should have a preamble that sets out in general terms the housing objectives of this parliament. I mentioned that in the United States and in Australia they have set out what would be considered a reasonable goal. Therefore I should like to move:

That the bill be further amended by inserting the following words before "His Majesty" in the preamble.

"Whereas, the purpose of this act is to provide a programme of housing for the Canadian people that will ensure a separate home in a good neighbourhood for every family who desires to have one.

And whereas, the principle must be accepted that society has reached the stage where a home of good quality and equipment is not only the need but the right of every citizen. Where the family's income does not permit the ownership or rental of such a home, it is the duty of the state to bridge the gap by a rental subsidy.

And whereas, an important objective in realizing this principle is the replacement of slums and other substandard housing, in urban and rural areas, to obviate overcrowding and to progress in an orderly and rapid manner toward a modern standard of housing for the whole Canadian people.

And whereas, another objective of great importance is the systematic planning of our cities and neighbourhoods so as to develop and redevelop communities which will provide good surroundings for home life and adequate facilities for advancing the industrial and cultural wealth of the nation.

And whereas, vital consideration in undertaking the large-scale housing programme envisaged by this act is the undeniable fact that a stable level of construction throughout the years immediately ahead is one of the most necessary factors in ensuring a steady level of employment which, in turn, will provide the buying power essential for prosperity at home and abroad.

Therefore,—"

I am sure it cannot be argued that the accepting of this general objective would, of necessity, commit the government to any definite expenditures until they saw fit to bring in a particular proposal. It is merely an outline of what I think should meet with the whole-hearted support of the minister. The cost over the next ten years would be much less than the expenditures the minister undertook in connection with carrying out his responsibility while Canada was at war.

[The Chairman.]

Mr. HOWE: My hon. friend is attempting to amend a preamble. May I point out to him that there is no preamble to this bill.

Mr. NICHOLSON: Yes. "His Majesty by and with the consent . . . "

Mr. MACKENZIE: No; that is not a preamble.

Mr. HOWE: In any event, my hon. friend knows, as does every other hon. member, that his suggested amendment is simply propaganda; it means nothing.

Mr. NICHOLSON: It is in line—

Mr. MACKENZIE: Order.

Mr. HOWE: If it has any meaning at all it is out of order, because it adds a potential burden on the taxpayer, and if it does not add a potential burden on the taxpayer it is pure nonsense.

Mr. NICHOLSON: I am sure that the minister's friends in the United States and Sweden will be interested in finding out that a preamble drafted along similar lines to the preamble to similar bills in the United States and in Sweden is pure nonsense.

Mr. MACKENZIE: My hon. friend is endeavouring, I admit with the finest intentions in the world, to amend something that does not exist.

Mr. MacNICOL: Like many other hon. members, the hon. member knows nothing about housing.

Mr. NICHOLSON: My understanding is that we have a preamble before section 1.

Mr. MACKENZIE: No; there is no preamble to this bill.

Mr. NICHOLSON: If not, we can make one. I find from Beauchesne that it is in order to have a preamble to every bill.

Mr. MACKENZIE: May I tell my hon. friend that if he asked Doctor Beauchesne for his opinion he would find that he does not believe there should be a preamble to any bill.

Amendment negatived: yeas 18; nays 40.

Title agreed to.

Bill reported, read the third time and passed.

RAILWAY ACT AMENDMENT

INCREASED SALARIES TO TRANSPORT COMMISSIONERS—RAILWAY GRADE CROSSING FUND

Hon. LIONEL CHEVRIER (Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Railway Act to make provision, *inter alia*, for an increase in the salaries of the commissioners and for an annual grant of two hundred thousand dollars for a period of ten years towards the maintenance of the railway grade crossing fund.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. KNOWLES: Will the minister make a statement.

Mr. CHEVRIER: The bill which is based on this resolution will seek to increase the salaries of the members of the board of transport commissioners and at the same time, to pay into the grade crossing fund over a period of ten years the sum of $200,000 a year. I need not read the resolution; it is on the order paper. I think, however, the house will expect me to say something about the reasons which lie behind the decision to increase the salaries of the board of transport commisioners.

The board of transport commissioners was set up in 1903, and I think I can make this general statement, that with but one exception there has been no increase in the salaries of the commissioners for a period of forty years.

Mr. MacNICOL: What is the salary today?

Mr. CHEVRIER: I will come to that in a moment. I say this, notwithstanding the fact that the duties of the commissioners have increased considerably over the years, as I will indicate in a moment or two.

In 1903, when the board was set up, the salaries of the commissioners were as follows: chief commissioner, $10,000; deputy chief commissioner, $8,000; and the commissioner—because there was only one at that time—$8,000. In 1908, when the number of the board was increased from three to six, the salaries were: chief commissioner, $10,000; assistant chief commissioner, $9,000; deputy chief commissioner, $8,000; and each of the three commissioners, $8,000.

In 1913 the salary of the chief commissioner was increased from $10,000 to $12,500 per annum, and except for that increase having to do with the salary of the chief commissioner in 1913, the salary range stands today as it was forty years ago.

Over the years from 1903 to 1908 the judicial salaries in the different courts, as well as salaries of officials in other phases of the government service, have been substantially increased to meet changing conditions. The same upward trend over the years has been evidenced, perhaps to an even more marked degree in the salaries paid in various lines of private business and endeavour.

The government in 1930 set up a commission to study the salaries and organization of the civil service throughout Canada. It was known as the Beatty commission, and it brought in a report which recommended substantial increases in the salaries of the board of transport commissioners. However, it was not deemed advisable to follow the recommendations of that commission. Then in 1946 the present government set up the Gordon commission, which made certain recommendations. The recommendations of that commission were that the salary of the chief commissioner be raised to $13,500, that of the assistant chief commissioner to $12,000, and that of each of the commissioners to $10,000. The report made certain other recommendations having to do with superannuation, which I need not go into at the moment. But the government has seen fit to adopt that part of the Gordon report only having to do with salary increases, and has implemented it in the present resolution.

Mr. HACKETT: That would make the salary of the chief commissioner $13,500?

Mr. CHEVRIER: That is right.

Mr. HACKETT: The assistant, $12,500 and the others, $10,000?

Mr. CHEVRIER: The assistant, $12,000 and the others, $10,000 each. By the others, I mean the commissioners.

Mr. FLEMING: What about the deputy?

Mr. CHEVRIER: The same as the commissioners.

Mr. McKAY: Would the minister please name the commissioners?

Mr. CHEVRIER: I have not their names before me at the moment, but I think I can give them from memory. The chairman is Colonel Cross, the deputy chief is Mr. Hugh Wardrope; the assistant deputy chief commissioner is Mr. Sylvester; the commissioners are Mr. Stoneman, Mr. Stone and Mr. MacPherson. I should have said that the board of transport commissioners, by virtue of the provisions of the Railway Act, is a court of record. The jurisdiction of the board of transport commissioners, when it was set

up in 1903, was quite limited. Its powers had to do with the regulation, construction and operation of railways other than government railways within the legislative jurisdiction of the parliament of Canada. That was general in its terms. But since then the jurisdiction has been extended tremendously. For instance, it now covers express tolls, telegraph companies, telephone companies, international bridges and tunnels, maritime freight rates, the abandonment of operation of lines, the Canadian National-Canadian Pacific Act, the Transport Act, certain agreements made pursuant to chapter 32, section 1 of the Statutes of Canada, the purchase of electrical energy from a person who has acquired water power under lease from the crown; the operation of the railway grade crossing fund, and so on. So that one can see that over that period of more than forty years the duties of the transport commissioners have been extended tremendously.

Mr. HACKETT: The volume of work has decreased.

Mr. CHEVRIER: No; the volume of work has not decreased.

Mr. MACDONNELL (Muskoka-Ontario): Would the minister give some indication with regard to that?

Mr. HAZEN: It has not obtained jurisdiction over air services?

Mr. CHEVRIER: No. Jurisdiction over air service is given to the air transport board, which is an adjunct of the Department of Reconstruction and Supply.

Mr. KNOWLES: It comes under the Minister of Reconstruction and Supply.

Mr. CHEVRIER: Yes.

Mr. GREEN: "Adjunct" is the right word.

Mr. CHEVRIER: Perhaps I had better follow the suggestion of the hon. member for Winnipeg North Centre and simply say that it comes under the jurisdiction of the Minister of Reconstruction and Supply.

Mr. KNOWLES: That is right.

Mr. CHEVRIER: I could go into greater detail. The hon. member for Muskoka-Ontario asked in what way the jurisdiction of the board had been extended.

Mr. MACDONNELL (Muskoka-Ontario): May I make this explanation, because I had somewhat the same idea as the hon. member for Stanstead, that while it is no doubt exactly correct, as the minister has stated, that in one sense the jurisdiction has been greatly extended, in the early years of the century there was a tremendous amount of construction work going on, and the railway board, as I think it was called then, was an important part of our mechanism. I do not think one has, perhaps through ignorance, the same feeling about the board today.

Mr. CHEVRIER: I have not yet completed my statement, and perhaps I should. I do not want to go into too great detail. If the committee wants to get further information about the board of transport commissioners, I am quite willing and at liberty to give it, but I think my remarks on the resolution should be of a general nature. I have given the basis for the decision to increase the salaries. I should like now to turn for a moment to the other part of the resolution which has to do with the grade crossing fund.

Mr. KNOWLES: Before the minister does that, would he answer one other question with regard to the commissioners? What is the pension or superannuation basis in their case at the present time, or what will it be?

Mr. CHEVRIER: None whatever. They have no pension.

Mr. HACKETT: Just a ten-year tenure?

Mr. CHEVRIER: That is right.

Mr. MacNICOL: Their salaries are quite high. They ought to be able to take care of themselves.

Mr. CHEVRIER: To deal now with the grade crossing fund, there has been no payment into the grade crossing fund since the beginning of the war. The grade crossing fund was set up in 1909, and it provided for a payment of $200,000 a year into the fund for a period of ten years. Those payments were made to cover three ten-year periods, namely, thirty years, and that provided for a payment of $6,000,000 into the fund. In 1939 the last ten-year period expired and no further payment was made during the war. When there were exceptional cases, they were dealt with by separate vote. There has been paid into that fund up until now, including the thirty-year payment, roughly speaking, $7,300,000.

Mr. HACKETT: Will the minister permit a question?

Mr. CHEVRIER: Yes.

Mr. HACKETT: In view of the increasing number of fatalities at grade crossings and the enhanced cost of construction, has the government considered making a larger annual contribution to this fund?

Mr. CHEVRIER: I was going to deal with that later on, but perhaps I had better do so immediately. The government deals with this problem, not only by means of the grade crossing fund, but also by special vote. At the moment the board of transport commissioners have been asked to make a survey and investigation of those projects which, in their opinion, demand immediate action or priority action. Although the survey has now been in the course of preparation for some months, it is not yet completed. When it is completed, those projects will be approved or disapproved by the Department of Reconstruction and Supply. Some of them will be marked with a top priority, and for those that are marked with a top priority I presume funds will be voted either out of a vote in the estimates of the Department of Reconstruction and Supply or out of a special vote of parliament. So that in answer to my hon. friend's question, I say that, over and above the payment into the grade crossing fund, additional contributions are made by special vote.

Mr. COLDWELL: Will the minister permit a question which he may answer later if it is inconvenient for him to do so now? On what basis are grants made? Do the railways contribute? Is there a stipulation, or does the country undertake it entirely?

Mr. CHEVRIER: Are you referring to the grant going into the grade crossing fund?

Mr. COLDWELL: No. I am talking about the elimination of grade crossings. When a grade crossing is to be eliminated the money comes out of this fund or by a vote of this house. Do the railways in any way contribute to that?

Mr. CHEVRIER: Yes. This is the position. Let us assume that the board of transport commissioners approves a certain project where the grades should be separated. They may order a payment out of the grade crossing fund not to exceed $100,000. They may order the municipality to pay a portion of the cost, the province to pay a share, or the counties to pay a certain portion. It depends upon the amount of traffic.

Mr. COLDWELL: But not the railway?

Mr. CHEVRIER: Oh, yes.

Mr. COLDWELL: You did not mention that.

Mr. CHEVRIER: I should have mentioned the railway; yes, definitely.

Mr. COLDWELL: That is the point I was getting at.

Mr. CHEVRIER: Yes. Unquestionably the railway has a portion to pay. I have not any particular project in mind at the moment, but a portion may be paid out of the grade crossing fund, a portion from the railway and a portion from the municipality or the province, as the case may be.

Mr. BENTLEY: The percentage paid by the railway would vary with each project, would it?

Mr. CHEVRIER: Yes, and they vary in accordance with the importance of the road or the railway.

Mr. COLDWELL: Or whether the railway was there first.

Mr. CHEVRIER: Yes. I should like to go on with the reasons for these payments. A moment ago I referred to the $7,000,000 paid into the fund. Over and above that, there has been expended another $6,000,000 in connection with these projects. The proposal here is to continue payments into the fund as was done prior to the war. While the resolution deals with the two matters to which I have referred, the bill will provide for other amendments to the Railway Act which I need not go into at this time.

Mr. CHURCH: The resolution provides for a change of policy. I think I have had as much experience with the board of transport commissioners as any other member of the House of Commons. In 1909 this board was given jurisdiction over telephone and express companies. The bill is to provide for an increase in the salaries of the commissioners. They are now getting the salary of a high court justice and, in addition, they have their travelling expenses, private car and many other things like that. The commission is not carrying out the functions for which it was appointed. When the late Hon. Mr. Justice Mabee was chairman of the old board, it did so and got results.

One section of the Railway Act provides that the board of transport commissioners may, of their own volition, check operations of railroads, express and telephone companies and do other things. Is there any regulation of the railroads in this country today? During the war, a thousand people were killed at level crossings, and it is now proposed to spend $200,000 a year. This is only pin-money. The board is not functioning the way the founders of the board by statute law intended that it should. When Mr. Justice Mabee was chairman he followed the act and summoned the Bell Telephone Company, the express companies and other companies to

show cause on complaints. The board should carry out the functions for which it was appointed.

It is now proposed to set up a commission to regulate water traffic which is now unregulated. The seamen want such a board. The city of Toronto was forced to spend a $12,000,000 contribution to build a viaduct and harbour and eliminate grade crossings across the whole water front. This $200,000 will largely be spent in one province and it is mere pin-money to help eliminate the level crossing peril. All that they will be able to do is to buy a few bells, wigwags, lights or other means of providing temporary protection. About a year ago the government said to wait until the war was finished and they would show what they were going to do about grade crossings, that they were going to work with the Ontario and other governments. They have provided for large expenditures of money, up to a million dollars, to link in some highways in some of the larger cities. But nothing is being done about grade crossings and these killings will go on just the same.

Another opportunity will be presented when the bill is before us, but I want to say that the railway commission should be doing something to protect the people travelling on our railways. When the late Doctor Manion was our leader, he referred to the government railway as the deadheads railway on account of the huge pass system. The railway commission should look into this whole system of granting passes to see whether there are any abuses. They are not doing it. It is only a minor thing, and I am not objecting to transportation for members of the House of Commons, officials and others, because that is allowed by the Railway Act. But there are many abuses, and I know of some myself from newspaper articles and complaints by letters. There will be other opportunities and I do not want to delay the passing of this resolution. This railway commission should carry out the functions for which it was appointed. We have already had a discussion on this matter of grade separation, during the debate on my bill to amend the criminal code, re deaths at level crossings, and the perils and injury there.

Mr. FLEMING: The minister indicated that there would be other amendments which are not referred to specifically in the resolution. Will any of those amendments relate to the railway grade crossing fund and the manner in which payments may be made from that fund to assist in the elimination of grade crossings?

[Mr. Church.]

Mr. CHEVRIER: The only amendment having to do with the grade crossing fund is the one providing for the payment of $200,000 a year for ten years.

Mr. BENTLEY: There are one or two questions I should like to ask the minister.

Mr. CHEVRIER: I understand that the question period is on the bill itself and not on the resolution. I have no objection to answering questions, but if there is to be a series I would rather have them asked on the bill.

Mr. BENTLEY: They are simple questions. First, I should like to ask if the grade crossing fund is administered entirely by the board of railway commissioners.

Mr. CHEVRIER: Yes.

Mr. BENTLEY: Would that take care of these small diversions that sometimes are necessary in small villages when a highway is diverted, as well as overhead crossings and subways?

Mr. CHEVRIER: I do not know what particular project my hon. friend has in mind. If he is referring to a grade separation, the answer is yes. He refers to a diversion of a road, and I am not quite sure what he means.

Mr. BENTLEY: Sometimes where a highway crosses a railroad going on one side of or through a village it can be diverted to run on the other side.

Mr. CHEVRIER: Yes, I would say that such a project could be covered by a payment out of the fund.

Mr. BENTLEY: Is there any provision for changing something that has already taken place?

Mr. CHEVRIER: Yes, provided that one of the parties makes an application *de novo* before the board.

Mr. KIDD: I do not want to oppose the resolution in any way. It is in two parts, one providing for an increase in the salaries of the commissioners and the other for the payment of $200,000 a year over a period of ten years. I should like to draw to the attention of the minister something which happened last Sunday evening which has to do with the railway station at Kingston, and I shall discuss this matter again when the estimates are before the committee. There is a level crossing there, and a definite promise has been made to build a new station at Kingston. What I saw last Sunday evening is a shame and a disgrace. I think the minister will see the same thing at the station at Cornwall.

Last Sunday evening marked the holiday week-end, and crowds of people were taking the train at 6.30 o'clock that evening. At that time there was a downpour of rain. We talk about railway crossings, but on the proper occasion I intend to draw this matter to the attention of the minister, and, if necessary, to the attention of the Prime Minister. Women and children must hurry to catch these fast trains. The train running between Toronto and Montreal operates in two sections, one of which leaves Ottawa and joins at Brockville. Sometimes the first section will come in first, and sometimes the second.

But at 6.30 p.m. in this downpour of rain, these people had to run for the train. Let me pay a compliment to the train officials who do the best they can under the circumstances. But these trains are undermanned, despite the fact that there are all kinds of men wanting positions today, and among those are returned soldiers. The train officials do not lack in courtesy.

When the train pulled in on Sunday night, what happened? Women and children had to run the length of four or five coaches, past the dining car. Then, when they reach the point where they are to enter the car they find that there may or there may not be a stool to step on. On that occasion I saw a mother running along with a baby in one arm and with luggage in the other. Meantime, if they want to get on the train they must stand in line while forty or fifty people get off, and the others get on. Then, when they get on they go into a full coach, and they must carry their luggage through probably two or three coaches. Surely something should be done about this. Money is being sought for railway crossings, but this is a simple matter.

I think the Canadian National Railways, so far as the Montreal-Toronto service is concerned, needs checking up by someone. I am not referring to the officials, but I say they should have extra help, and the rights of the public should be respected.

There are plenty of nails, and there is lumber available. All that would be necessary would be the erection of what is known as a wooden umbrella to run the length of eight or ten coaches. When the railway estimates are before the committee I intend to bring this matter to the attention of the minister, and, if necessary, to that of the Prime Minister. I have already put it in writing to the president of the railway company, and I am suggesting that something should be done.

Mr. MACDONNELL (Muskoka-Ontario): When a grade separation is ordered and the various proportions of cost are fixed by the board, who carries out the work? Is it the railway concerned?

Mr. CHEVRIER: As a rule it is the railway concerned; but in certain cases it is by agreement between the parties.

I can think of two or three cases where it will be done by the railways. When an application is made to the board, the board serves a copy of such application upon the railway and municipality concerned. The railway thereupon sends its engineers to ascertain whether the grade can be separated, and the cost thereof, whether it should be an under-pass or an over-pass, and what the cost will be in each case. Then, when the municipality or other party replies, either for or against the application, the board has all the facts and renders its decision.

Mr. FLEMING: After a hearing.

Mr. CHEVRIER: Yes. Then the railway builds the separation, generally by giving out the contract after advertising for tenders.

Mr. STEPHENSON: With respect to automatic signals installed at various crossings, it is my understanding that the materials which go into these signals are not made in Canada. Am I right in that?

Mr. CHEVRIER: Some are and some are not.

Mr. STEPHENSON: Is there a company manufacturing and installing them in Canada?

Mr. CHEVRIER: I cannot say.

Mr. STEPHENSON: I understand there is not. I believe there is no company manufacturing them, and yet when they are brought in there is a duty of forty per cent on the materials coming into Canada. Can the minister tell me whether or not that is correct?

Mr. CHEVRIER: I cannot at the moment, but I shall try to give the information on the bill.

Mr. STEPHENSON: If they are not manufactured here, why should we have to pay that duty?

Mr. COLDWELL: That applies to a lot of other things, too.

Mr. SMITH (Calgary West): I speak because I am in favour of the principle of the resolution, and particularly the last portion of it, with respect to the $200,000. I think that is a moderate price to pay for the many lives we shall save by grade separation.

I should like to ask a question with respect to the first part of the resolution. When the time comes, would the minister give us some idea of the amount of work done by the board? I speak with some diffidence because the chairman of the board is married to a relative of mine. I think I should be honest enough to state that.

Mr. KNOWLES: In other words he is an in-law.

Mr. SMITH (Calgary West): Outlaw, did you say?

Mr. KNOWLES: No, in-law.

Mr. SMITH (Calgary West): I think there is a great deal in what my desk-mate, the hon. member for Muskoka-Ontario has said, namely, that in earlier years there were periods of construction, quarrels between the railways as to which should go here or there, expropriation proceedings, and movements by people in the various villages and towns to have stations established and agents placed. Then we went through another time when the railways took another view and wanted to close certain lines and certain stations, remove telegraphers, and so on. But my offhand view has been that in the last few years, and certainly up to the time of the undertaking in which they are now engaged, the work of the board has been more limited than it was in earlier days. I hope I am wrong about that, but perhaps the minister would give me a clear statement as to the amount of work going on. I know they do not go west anything like as much as they used to.

Mr. CHEVRIER: They are certainly working full time now.

Mr. SMITH (Calgary West): That is quite true; but this is the only major operation in which they have been engaged for a long time. I can certainly agree that they are busy now, and I agree that proper salaries should be paid to them, or to anyone else, but when we reach the proper stage I hope the minister will be prepared to give us some idea of the amount of work they are doing.

Resolution reported, read the second time and concurred in. Mr. Chevrier thereupon moved for leave to introduce Bill No. 255, to amend the Railway Act.

Motion agreed to and bill read the first time.

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

[Mr. A. L. Smith.]

Friday, May 30, 1947

The house met at three o'clock.

LABOUR CONDITIONS

REPORT OF CANADIAN DELEGATION TO INTERNATIONAL LABOUR CONFERENCE, 1946

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I wish to table the report, in English and in French, of the Canadian government delegates to the twenty-ninth session of the international labour conference held at Montreal on September 19 to October 9, 1946.

INTERNATIONAL LABOUR ORGANIZATION—AMENDED CONSTITUTION

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): I beg leave to table the amended constitution of the international labour organization adopted at Montreal on October 9, 1946, and also convention No. 80 of the international labour organization for the partial revision of the conventions adopted by the general conference of that organization at its first twenty-eight sessions. This supplementary convention is merely to replace references to the league of nations in these conventions by references to the existing organizations.

(Translation):

REDISTRIBUTION

RESOLUTIONS AND PETITIONS AGAINST DISMEMBERMENT OF LAVAL-TWO MOUNTAINS CONSTITUENCY

Mr. LIGUORI LACOMBE (Laval-Two Mountains): Mr. Speaker, in compliance with Standing Order No. 68 of the House of Commons, it is my privilege to place in the hands of the clerk of the house some resolutions and petitions, adopted by the municipal councils of parishes, towns and villages of the Laval-Two Mountains constituency, the names of which follow: parish of St. Benoit, parish and village of St. Scholastique, village of St. Benoit, parish of St. Canut, village of St. Scholastique, parish and village of St. Monique, parish and village of St. Martin, parish of St. Augustin, village of St. Augustin.

Besides, a petition from the Union Catholique des Cultivateurs of the Montreal diocese.

All these resolutions and petitions protest against the dismemberment of the Laval-Two Mountains constituency. They have been endorsed in pursuance to Standing Order No. 68 of the House of Commons.

(Text):

MUNICIPAL IMPROVEMENTS

AMENDMENT OF ASSISTANCE ACT OF 1938—ADMINISTRATION OF PROJECT BY ANOTHER MUNICIPALITY

Hon. DOUGLAS ABBOTT (Minister of Finance) moved for leave to introduce Bill No. 256, to amend the Municipal Improvements Assistance Act, 1938.

Mr. KNOWLES: Explain.

Mr. ABBOTT: Perhaps I had better read the explanatory note:

Under the Municipal Improvements Assistance Act, 1938, authority was granted to make loans to municipalities to enable them to pay the whole or part of the cost of constructing or making extensions or improvements to or renewals of municipal water works systems, gas plants, electric light systems or other projects of a self-liquidating character. In some cases since a loan was made to a municipality it has become desirable to reorganize the municipality or to create a new municipality from part of the area previously included in the first municipality, for example, by reason of the growth of population to establish a village in the place of a local improvement district or in respect of part of the area previously included in a rural municipality. The purpose of the amendment is to permit the new municipal corporation to be substituted for the purpose of the loan for the former corporation in proper cases.

Motion agreed to and bill read the first time.

FARM IMPROVEMENT LOANS

INCLUSION OF POULTRY IN DEFINITION OF LIVE STOCK

Hon. DOUGLAS ABBOTT (Minister of Finance) moved for leave to introduce Bill No. 257 to amend the Farm Improvement Loans Act, 1944.

Mr. KNOWLES: Explain.

Mr. ABBOTT: This is a very simple bill. The purpose is to include poultry in the definition of live stock as contained in the act.

Motion agreed to and bill read the first time.

SENATE AND HOUSE OF COMMONS

ADDITIONAL ALLOWANCE TO GOVERNMENT AND OPPOSITION LEADERS IN SENATE

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 present a measure to amend the Senate and House of Commons Act to provide an additional annual allowance to the member of the Senate occupying the recognized position of leader of the government in the Senate and the member occupying the recognized position of leader of the opposition in the Senate.

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.

DOMINION COAL BOARD

ADMINISTRATION OF SUBVENTIONS OR SUBSIDIES VOTED BY PARLIAMENT

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply) 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 establish a corporation to be known as the dominion coal board to administer subventions or subsidies relating to coal voted by parliament, to exercise and perform certain other powers, duties and functions.

Provision is made further for the advisory functions of the board, for the employment of professional and technical advisers and assistants and their remuneration, and for all expenses of the act to be paid out of moneys appropriated by parliament for the purpose.

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.

MARITIME COMMISSION

PROVISION FOR DUTIES AND FUNCTIONS UNDER CANADA SHIPPING ACT

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply) 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 establish a corporation to be known as the Canadian maritime commission to exercise certain powers and perform certain duties and functions under the Canada Shipping Act, to administer any steamship subvention voted by parliament, and to exercise powers or perform duties and functions under any other act or order of the governor in council.

Provision is made further for the advisory functions of the commission, for the employment of professional and technical advisers and assistants and the remuneration thereof, and for all expenses under the act to be paid out of moneys appropriated by parliament for the purpose.

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.

PEACE TREATIES

JAPANESE PEACE SETTLEMENT—PRESS REPORT FROM LONDON

On the orders of the day:

Mr. H. C. GREEN (Vancouver South): I should like to direct a question to the Secretary of State for External Affairs. An Associated Press dispatch from London, published this morning in the Ottawa *Citizen,* states:

Britain and her four dominions have decided to stage a conference to formulate an empire peace policy for Japan, a dominions office spokesman disclosed today.

In addition to this, there have been dispatches, as the minister knows, during the last week or two with regard to a possible peace conference for Japan. It would be very helpful if the minister could give the house a statement with regard to the question.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): The first paragraph of the dispatch as cited by the hon. member is certainly inaccurate. Consideration is being given to various proposals for preliminary discussions among the members of the commonwealth on the Japanese peace settlement, but no final decision has yet been taken in regard to any of these proposals. At a convenient time I propose to make a fuller statement of the attitude being taken by this government in respect of the Japanese peace settlement.

Mr. GREEN: If I may ask a supplemental question, is the minister in a position yet to say whether or not the reports that the conference will be an eleven-power conference are correct? Apparently the thought is that the eleven nations who fought against Japan would be represented in the conference.

Mr. ST. LAURENT: I cannot say that any determination has been made in that regard. The foreign secretary of the United Kingdom stated recently at Margate that it was his view that these eleven powers should be associated in the preparation of the treaty, and that is a view that is shared by the Canadian government.

CIVIL SERVICE

VETERANS' PREFERENCE—INQUIRY AS TO PROCEDURE IN CASE OF ERROR

On the orders of the day:

Mr. LESLIE A. MUTCH (Winnipeg South): I wish to direct a question to the Secretary of State, of which I have given him notice. Has the civil service commission, having assigned to a position in the civil service a veteran who is not entitled to the veterans' preference, the right to require his dismissal in spite of the fact that he has accepted the position in good faith and performed his duties satisfactorily, when they subsequently discover that he should not in the first instance have been accorded the veterans' preference?

Hon. COLIN GIBSON (Secretary of State): The hon. member for Winnipeg South was good enough to send me notice of his question. I am informed that the general policy of the civil service commission is that where an error has been made owing to a mistake on the part of the commission, the veteran is not penalized; but where there has been an error owing to a misstatement or wrong information given by the veteran himself, he must assume the responsibility. If the hon. member wishes to give me information concerning any individual case, I shall be very happy to have it investigated.

PUBLIC WORKS

INQUIRY AS TO BREAKWATER PROJECT AT MORIEN, N.S.

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I wish to direct a question to the Minister of Public Works. I sent him notice of the question and fully explained it, so I shall be brief. When does the minister's department expect to begin to spend the $300,000 appropriation made last year for the breakwater project at Morien, Cape Breton, Nova Scotia?

Hon. ALPHONSE FOURNIER (Minister of Public Works): Perhaps the hon. member sent the question before the opening of the house. I have not seen it. If he will just wait until Monday, I shall have all the data.

Mr. GILLIS: I sent it to the minister's office this morning about ten o'clock.

TELEPHONE SERVICES

REVENUES COLLECTED—REFERENCE TO ANSWER TO QUESTION ON MAY 28

On the orders of the day:

Hon. J. J. McCANN (Minister of National Revenue): On May 28, as recorded at page 3510 of *Hansard,* I tabled an answer to a question asked by the hon. member for Cumberland (Mr. Black). The question was:

What has been collected by the federal government in each province for each of the last three fiscal years as taxes on telephone (a) extension services, and (b) tolls and long distance services?

The answer would indicate, for the year 1946-47 and relatively so for the years 1944-45 and 1945-46, that out of a total tax of $152,833, the province of Quebec had paid $118,160, whereas the amount collected in the other provinces was very small. So too with the tax as to tolls and long distance, the answer would show that out of a total amount collected in taxes of $5,368,514, the province of Quebec had paid $3,451,707 and the rest of the provinces correspondingly low amounts. The explanation for that, which I should like to have put on *Hansard,* is this. The head office of the Bell Telephone Company, as is known, is situated in Montreal. When the tax came into effect an arrangement was made whereby the Bell Telephone Company paid its own taxes and that of some subsidiaries through the Montreal head office.

PRICE CEILINGS

INQUIRY AS TO REIMPOSITION ON NEW AND USED CARS

On the orders of the day:

Mr. H. R. ARGUE (Wood Mountain): I should like to direct a question to the Minister of Finance, notice of which I sent to him. In view of reports of widespread profiteering in new and slightly used cars, will the minister consider the reimposition of price ceilings in this field?

Hon. DOUGLAS ABBOTT (Minister of Finance): As my hon. friend has said, he was good enough to give me notice of this question. I am informed that new cars are being sold by dealers at the list prices. Officials of the wartime prices and trade board have seen reports in the press of some profiteering in used cars, but it appears to be spotty. I am informed that it is not felt that the situation is such as to justify the reimposition of price ceilings.

WAYS AND MEANS

The house in committee of ways and means, Mr. Golding in the chair.

INCOME WAR TAX ACT

3. That for the 1947 taxation year the graduated rates of tax applicable to income of individuals be the average of the present rates and of the rates set out in paragraph one.

Mr. FLEMING: I have a question which I should like to put to the Minister of Finance with reference to this third resolution. In putting it I am bearing in mind that the resolution is stated in general terms, and the question is one of interpretation. What appears in the resolution is that the rates for the year will be the average of the present rates for the first half of the year and the new rates for the second half. In the case of a person dying in the first six months, is it the intention that the bill shall provide clearly that the rate applicable to the income received by such deceased person in the portion of the year during which he was alive and in receipt of income shall be calculated on the average method and that the income tax shall not be calculated on the rates in existence for the first six months of the year, during which period he may have died?

Mr. ABBOTT: The answer is yes. As the resolution indicates, the rates in effect for 1947 will be the arithmetical average of the rates existing up to July 1 and the new rates. For example, the rate for the first half of 1947 in the low bracket is 22 per cent. The new starting rate is 10 per cent. The sum of those is 32, and the arithmetical average is 16. The tax payable in the case cited by my hon. friend will be at the appropriate rate for the full year. The bill when it is brought in will contain a special schedule setting forth the effective rate for 1947, which will be a schedule made up of the average of the two rates to which I have just referred.

Mr. FLEMING: Then in any case where death has taken place and a T.1 return has already been filed by the executor on behalf of the deceased in respect of 1947 income, steps should be taken now to revise the return?

Mr. ABBOTT: To revise the return and obtain the appropriate refund, if one is due. That is correct.

Mr. KNIGHT: I should like to say a word or two about taxation in connection with teacher's contributions to the superannuation fund, based upon a letter which arrived just in time to be discussed on this resolution. The system of pension for teachers in Saskatchewan has been based on a double or triple scheme. It is partly a service pension and partly made up of the proceeds of whatever annuity certain contributions made throughout the teacher's earning life will buy. Up to the present, under the Saskatchewan Teachers' Superannuation Act of 1942, the amount of statutory deduction has been four per cent. To that act there has been an amendment by which the teacher is now allowed to pay in, in addition to his compulsory four per cent, certain payments which I suppose might be classed as voluntary. They are voluntary in regard to paying in

but they are not voluntary in regard to taking out, because I understand that the amendment sees to it that the funds are kept in there until the teacher ceases to teach. It is the desire of the Saskatchewan teachers' federation, as expressed in this letter from the secretary, that this matter be brought to the attention of the minister for the purpose of discovering the position in regard to these extra payments. I might read a line or two from the letter:

This year's amendment to the act—

That is the Saskatchewan Teachers' Superannuation Act of 1942.

—provides that not less than four per cent shall be deducted at the source but a teacher may elect to have a greater percentage deducted at source, and we are asking that any amount deducted be exempt from income tax.

My correspondents point out that the dominion act provides for exemptions up to an amount of $900 per annum. They also point out that if a teacher contributes to the fund and withdraws those contributions, that amount is taxable as income for the year in which it is withdrawn. That is to say, under the new policy, which I think was initiated in 1945, if pensions are liable to income tax then contributions should not be; otherwise you have a system of double taxation. Perhaps the minister would comment on that. In the meantime, in *Hansard* for 1945, at page 3427, I found something said by the previous minister of finance on this matter:

We are now changing the law in accordance with the recommendations of the royal commission to make all contributions to the pension plan deductible from income for tax purposes and to provide in general that pension payments shall be subject to tax.

That was where I got this idea of double taxation. On the previous page the former minister is reported to have said:

In the future it will not be possible to set up funds like that at all. The income of the fund will be free of tax, but the pensioner, the contributor, in every case will be entitled to deduct his contributions from his income for tax purposes and he will be taxed in full on his pension.

Perhaps the minister would comment on that so we can get some guidance for these people.

Mr. ABBOTT: That is correct. Following the Ives commission report the law was amended to provide that payments to a pension fund could be deducted from the income of the person paying, for income tax purposes, but that the income payments when received would be taxed. That of course is subject to the general qualification in the act that the fund must be one that is approved by the Minister of National Revenue as being a pension fund eligible under the act. I am not familiar with the Saskatchewan statute or the practice to which the hon. gentleman refers, but I suggest that if there is any doubt as to the application of the statute the matter should be submitted to the deputy minister of national revenue for a ruling. I think the hon. gentleman will find that the matter can be best dealt with in that way.

Mr. GREEN: Just along the same line may I ask the minister to state the present position with regard to the pension, for example, paid by the C.P.R. to an employee who has retired? I have had a communication from one who has been on pension for nine or ten years, and who is being charged income tax on that pension. Is there no protection in a case of that kind?

Mr. ABBOTT: I am advised that up to 1935 the C.P.R. pension fund was non-contributory, and of course in that case the total pension would be subject to tax when received by the pensioner. In 1935 it was converted to a contributory fund, and since that time employees of the C.P.R. have been making contributions. I am told the Department of National Revenue now apportions the pension payments received by C.P.R. pensioners as between the portion which was non-contributory and the portion which was contributory, and makes a proper tax adjustment.

Mr. GREEN: In other words if the man retired in 1934 his whole pension would be taxable?

Mr. ABBOTT: That is correct.

Mr. GREEN: Does not the minister think some adjustment should be made to meet that situation?

Mr. ABBOTT: I don't know why. It is a non-contributory plan; it is a free gift, and following the ordinary rule it is subject to tax when received. There has been no double taxation in that case, of course. The purpose of the law as it now stands, following the recommendations of the Ives commission, is that it should be so arranged that there will not be double taxation on these pensions. The general rule is that if the pension contribution may be taken as a deduction from income for tax purposes when it is paid in, then the pension is taxable; and that is the provision as it now stands.

Mr. GREEN: Is not the actual position this, that the man was receiving a certain rate of pay which, while it may not have been

apportioned in such a way that part of it was shown to be a contribution to a pension fund, nevertheless probably was based on the fact that he was going to get a pension upon retirement? Surely some relief could be given these elderly men who are in that category.

Mr. ABBOTT: Of course the short answer to my hon. friend's question is that if he had received his pension contribution as part of his pay, he would have paid tax on it. In fact he did not. Reasoning it in logic, he received pay on which he paid tax at the proper rate. If for the purposes of argument we say that in addition the company was paying into a pension fund a certain amount of money to provide him with a pension later, then that was something he was getting free of income tax, something which was not included in his income for purposes of taxation. Therefore following the rule I have just mentioned, when his pension is received it should be subject to tax.

Mr. GREEN: Yes, but even on that basis his increased income would have been very much smaller. It would not be right to tax him on his full pension, which is what is happening today.

Mr. ABBOTT: Generally speaking I think it is more favourable to the taxpayer, certainly under existing rates of tax, to deduct his pension contributions for purposes of income tax, than to have a tax-free pension at the end, because the pension, except in the executive groups, is relatively small and usually covered by the exemption, so the pensioner pays very little tax. Taxwise I think it is very much in the interests of the pensioner to claim the pension contributions as a deduction from income when he is earning at a fairly high rate and is subject to a fairly substantial tax, than to have a tax free pension. I am informed it works out that way.

Mr. GREEN: I quite agree with the minister, but all these men now would be well over seventy-five. They retire at sixty-five, and having retired before 1935 they are getting on in years. I would ask that consideration be given to providing some relief for men in that position.

Mr. FAIR: Just before eleven o'clock on Wednesday evening I asked the minister a number of questions in connection with farmers' income tax. I wonder if he has the answers for me today.

Mr. ABBOTT: I assured my hon. friend that I would get the information and give it to him. It requires a bit of time; I may not be able to do so while we are on the resolutions, but I repeat the assurance, which I think was the one I gave the other night, that at the latest I will give it when we are in committee on the appropriate section of the bill. It has not been overlooked.

Mr. MACDONNELL (Muskoka-Ontario): I wish to draw to the attention of the minister a matter somewhat similar to that which was brought forward by my colleague to my left a few moments ago. I want to recall the change made in the law last year under resolution 27 at that time, which is carried into the present consolidation of the act in clause 9, paragraph 7. Under that provision, in the case of payments pursuant to superannuation or pension fund or upon retirement, as the law stood immediately preceding last July such a payment was taxable spread over five years, one-fifth each year. This paragraph 7, as it stands, made the tax fall very much more heavily, although there is one alternative, because it is taxable in the year it is received. I want to suggest to the minister two things, first of all that that contravenes substantially what was suggested or recommended in the Ives report, and secondly that it creates a great hardship, particularly in the case of widows.

I want to read a brief statement here—I believe it is correct—which sets out a case of great hardship which I would bring to the minister's attention. It states:

> At the last session of parliament the government had changes made in regard to the methods of taxation of "lump sum" payments from pension funds and employer's gratuities to those retiring from service. When the matter was discussed in the house by the ways and means committee as reported at pages 3871 to 3876 of *Hansard*, Mr. Abbott, who was piloting the matter through, stated that the method then in vogue, i.e., taxation of only one-third of the lump sum, was "introduced during the war to moderate the effect of very high tax rates," and throughout his defence of the proposed change to revert to the system of taxing the whole of those payments, implied that taxation was now lower. This debate took place in July, 1946 . . . As *Hansard* will show, Mr. Abbott spoke only of men receiving lump sum payments during their lifetime; he did not make clear that this also affected widows, or other beneficiaries of a person who had made payments into pension funds and that as a rule the lump sum consisted entirely of the man's own payment into the fund.

And then this further:

> Prior to 1942, or thereabout, the taxation on lump sum repayments from pension funds was on the full amount. As the result of representations made by various organizations, among which was the international firefighters' union, the tax was reduced to one-third. When the Ives commission was set up the organization referred to appeared before them in regard to "lump sum" taxation.

The organization referred to was the international fire fighters' union, I might say.

The commission, in its report—

That is the Ives commission—

—commented on the difficulties surrounding the question and recommend the continuation of the one-third as being equitable. On page 3871 of *Hansard*, during the discussion on resolution No. 26, Mr. Abbott said: "The whole question was considered by the Ives commission and legislation was introduced last year following the recommendations of that commission."

I would submit that this finding of the Ives commission was not followed throughout, and in this particular it was disregarded.

I should like to bring one case to the attention of the minister, and then I shall have finished. This is a case respecting one of the members of the fire fighters' union in Toronto. It states:

One of their members, after nearly thirty years of service retired on pension; he died within a few months; his widow received as a lump sum repayment of his contributions to the pension fund about $3,200. Under the present regulations she has two choices in regard to the tax. One would mean, in round figures, a tax of $500 out of the $3,200; the other a tax of $780. But here's "the rub,"—this man during the first half of his service on account of income, was not taxable. It was only when his wages got higher and his family grew up, and more particularly when the government dipped much lower than formerly into low and medium incomes, that he became taxable and was exempted from such tax on the amounts he was then paying into his pension fund. As a result of these exemptions he saved $209. Now, owing to the taxation being on the whole $3,200, his widow received, and which amount represented all his payments into the fund, even those in the years when he was not taxable, his widow has to pay either $500 or $780.

I just wish to recapitulate at this point. It seems to me that the change which was made last year and which, I submit, made taxation on such payments so much more onerous, was a most unfortunate one. I hope the minister will be able to take this situation into consideration, and particularly as it affects widows.

And I just add this: I was informed—and this may be subject to correction—that actually a regulation has been made easing these cases where widows are affected. I should like to know if that is so. If it is so I would ask two questions: first, under what authority does that come, and, second, if it is proper to do it there, why should not the principle be extended?

I repeat that it seems to me the amount of the tax involved is, at any rate in the smaller cases, negligible so far as the crown is concerned, and a very great hardship can be and is being worked in many cases similar to the one I have just brought to the attention of the committee.

[Mr. Macdonnell.]

Mr. ABBOTT: This question, as my hon. friend knows, is complicated. It is one which has been given a good deal of consideration by myself and by the officers of my department for the last three or four months. I have had a number of delegations to see me about it.

It is true that the law as it stands did depart in certain respects from the recommendations of the Ives report. That was done, I believe, for good and sufficient reasons. These lump sum payments can be made the subject of considerable abuse. And when I state that I am dealing with the general aspect of the problem, rather than with the specific case to which the hon. member referred. But I repeat that they can be made the subject of abuse. A man can accumulate a certain amount, and then leave the company he is with, get his payments, go to another company and get another lump sum payment.

Broadly speaking—and I think this is a view which is shared by many people—I believe that a pension plan which provides for single lump sum payments to widows is not a particularly good plan. As I say, I am only expressing my own personal view. I think it is a much better plan if the directors of the fund are given the option of paying the amount to the widow in yearly instalments. I advised some of these delegations, which came to see me and which discussed certain funds, that the department would have no objection to a fund amending its by-laws or regulations, or whatever they may be, to make the provision I have indicated; and, in addition, to provide that it could be or should be paid in instalments. I went further and said that the department would be prepared to look at hardship cases where a lump sum payment should be made—for instance in order to pay off a pressing mortgage obligation. I said the department would be prepared to look at those cases involving a particular remission under the Consolidated Revenue and Audit Act.

I feel that that is really as far as we should go in that field. However it is a question on which I have a perfectly open mind; and if it can be shown that another scheme might be fairer and better, we would be prepared to consider it. But this is a matter which has been given a great deal of careful consideration by myself—and I am not an expert in it—and also by departmental officials who are informed in these matters. It has been considered sympathetically, too, I may add.

Mr MACDONNELL (Muskoka-Ontario): I agree it is unfortunate that this condition exists with respect to lump sum payments, and I agree with the minister's view that it would be wise to adopt a different course.

There are one or two respects in which I differ from the minister. I have no doubt there may be cases where people go from one place to another and may accumulate pensions —although I would think, and I suggest with deference to the minister, that the type of men who roll about are not the ones who are likely to accumulate much by way of pension. I should not consider that a very serious point. It is one which it seems to me could be taken care of by a suitable safeguard. Further, I deprecate the idea that we have to meet a situation of this kind, which I assume is a situation which will arise often, practically by charitable considerations. Perhaps I should withdraw the word "charitable" and say it is unfortunate that we must meet it by making special cases. It is most undesirable, first of all because people do not want to be a subject of charity; secondly because they do not know what their rights are, and thirdly because to some extent it depends on whether the minister had a good night's sleep. The minister being human, it depends upon that.

An hon. MEMBER: Is he human?

Mr. MACDONNELL (Muskoka-Ontario): I am giving the minister the benefit of the doubt. But I do come back to this, that I do not have to remind the minister that a year ago we departed radically from what the situation has been before. And looking back upon the debates which took place at that time, I must reproach those of us on this side of the house for not fighting it with more strength.

We departed radically because, as was pointed out in the Ives report, broadly speaking there was a practice—which as the report says was not logical, but which seemed to have common sense in it—of spreading payment out over five years. The report says that under the circumstances there seems to be no particular reason for changing the existing law. I must say that on general principle it does seem to me to be sensible. We have done it in various cases. When you get a lump sum payment of this kind I think it should be spread over some years. I think that carries with it the judgment of everybody as being just a matter of common sense. If there are difficulties in the way, that is a matter for the minister and his advisers. It may be, although I am not suggesting this particularly, that the minister and his advisers feel that this has to be limited to sums of modest amounts. I am not offering an opinion on that, but I do suggest most earnestly that what we did last year was a reactionary move. The case that I have given shows the hardship that may be involved. As I see it, we departed from this considered report of Mr. Justice Ives. For all these reasons I do hope that the minister, with that open mind which I am sure we all feel he has, will be able to take another serious look at this for early action.

Mr. KNOWLES: I should like to say a word in support of the representations made by the hon. member for Muskoka-Ontario. I do not get many cases of this kind, but one has been drawn to my attention which seems to underline the point. This particular gentleman in Winnipeg, after serving a firm for a good many years, was forced to retire because of arthritis. The firm gave him a lump retiring allowance of $15,000 or $16,000. He felt that it would have been better to be provided with monthly payments, and so he arranged to buy a government annuity, spending about $14,000, or almost all the lump sum he had received. He is now in the position where the lump sum is being divided into five parts for taxation purposes and for the next five years he will pay income tax on one-fifth of the lump sum as well as on the $1,200 annuity which he purchased with the major portion of the lump sum. All told it will mean that in the next five years he will have to pay income tax of between $5,000 and $6,000 out of his $15,000. It would seem that in a case like that where a person takes a lump sum and turns it into an annuity for his life time, or for his life time with a guaranteed period of years, some consideration should be given. To give consideration to cases of the kind would encourage people who receive lump sums to invest them in life annuities.

Mr. CASE: We are now dealing with section 3. There was a time when the budget meant something to the Canadian people; it does even yet, but at one time it was a highly secret document. As you know, last year we departed from the accepted rule—possibly even before that—and in the main the terms of the budget did not apply until January 1, 1947. By this clause the taxation rates applicable to income of individuals will be the average of the present rates and of the rates set out in paragraph 1. I know that a great deal of thought and consideration has been given to this, and I believe the minister will be able to answer my question.

I am wondering why the income tax provided by the budget was not made applicable immediately. The budget was brought down on April 29, at which time about one-third of the year had passed. When you are setting up tax rates based on an average table you would know that one-third of the year had

passed and two-thirds was yet to come. Was that taken into consideration, and what difference there would have been in revenues if the Canadian people had been given that added incentive of two months' advantage as compared to the present arrangement whereby the rates do not become applicable until July 1?

Mr. ABBOTT: The principal reason for not making it effective immediately was that under our pay as you go tax system, deduction tables must be placed in the hands of thousands of employers, and it was not possible to prepare and have those tables available and in the hands of the various employers in time. Secondly, it would have meant a large number of tax refunds because the deductions have been going on since the beginning of the year at the existing rates. There would have been a loss of revenue of between $30,000,000 and $40,000,000.

Mr. KNIGHT: I should like the minister to revert to the matter I brought up a moment ago. I wanted to find out for my own information what is the basic principle of deductions in regard to these pensions. Is it the fact that the payment is compulsory, or is consideration given to the element that it must be a plan recognized by the province, the employer and the employee?

Mr. ABBOTT: It is not a matter for the province; the pension plan must be approved by the Minister of National Revenue. The underlying principle is that the pensioner is entitled to deduct from his current income for taxation purposes the contributions which he makes to the pension fund, and then the pension which he receives at the end is taxable.

Mr. KNIGHT: If the four per cent deducted at the source is exempt and if an additional two per cent or four per cent is paid in on a voluntary basis as a main part of the pension plan and as a contribution to the annuity which this fund will buy when the man becomes pensionable, then this extra or voluntary amount should also be deductible.

Mr. ABBOTT: I really must ask my hon. friend to go to the administrative officials to get a legal interpretation. The statute provides that an amount not exceeding $900 may be actually retained by the employer from the remuneration of the taxpayer for the employee's superannuation or pension fund or plan. On the facts that my hon. friend has given, my personal opinion would be that they are probably included, but I suggest that he go to the deputy minister or the official in the department who is specially charged with administering the provisions of the act, put the specific facts before him and get a specific ruling. Then if he feels there is an injustice, the thing to do would be to come back and suggest that the act be amended.

Mr. IRVINE: I dislike to ask the minister a question in respect to income tax in so far as it affects farmers, but he promised a moment ago to give some information before the bill is passed.

Mr. ABBOTT: I was going to answer some specific questions that were asked by the hon. member for Red Deer.

Mr. IRVINE: The first specific question that I should like to ask is in regard to basic herds. I am sure the minister will know whether provision should be made in this bill for any alterations that might be needed in the present practice, or whether it is only an administrative matter. Second, I should like to ask whether there is to be any alteration in the present regulation which provides that a farmer who is selling out after long years of farming is taxed on the entire proceeds of the sale of his capital stock.

Mr. ABBOTT: In answer to the first question, my understanding is that it requires no amendment to the act. It is simply a matter of accounting practice and administrative decision by the Department of National Revenue. As to what the actual practice is at the moment I am not in a position to say. I think the whole question is being discussed at some length by deputy ministers and others. Perhaps my colleague, the Minister of National Revenue, can elaborate on it, but I doubt it, because I myself have never been able to. I do not know whether he knows more about basic herds than I do; I do not believe he does. I do not know what the present day practice is, but it would be an administrative matter.

Mr. QUELCH: I should like to say a few words on this matter. There has been a great deal of dissatisfaction regarding the way the matter has been dealt with. For instance, the recommendation of the federation of agriculture of last year reads:

> That breeding herds be recognized as a capital asset, and that a basic herd plan be adopted to distinguish between capital and income in live stock dispersal sales.

And then the brief of the Alberta farmers' union, which was referred to by the hon. member for Battle River, had this to say:

> That in case of dispersal sales of live stock, an equivalent number of animals to those owned on January 1, 1941, be considered a capital asset and not subject to income tax.

If the government do not like that proposal they should at least bring in one that does

recognize the principle involved. For instance, let us say a farmer sold a piece of land and invested the capital in live stock back in 1939. From then on he would have paid income tax on any offspring he may have sold. It may be today that he desires to sell out. He should be entitled to recover the full thousand dollars for the sale of the live stock. Apparently that is not what happens. He is taxed on a set proportion of the amount. Then again he is not allowed to charge any depreciation against that stock, and in the meantime a certain number of the live stock may have died. Therefore when he sells out he should be allowed to include some of the offspring as part of the capital in order to recover the total amount of capital invested. That is not allowed today. That is why the Alberta farmers' union suggests a method by which a fair deal may be given to farmers.

We recognize that it is not an easy question to deal with. Again I should like to suggest to the minister that the proposal put forward by the Alberta farmers' union could very well be taken into consideration. May I read it again:

That in case of dispersal sales of live stock, an equivalent number of animals to those owned on January 1, 1941, be considered a capital asset and not subject to income tax.

If the minister is not prepared to deal with the question now probably he will deal with it when the bill is before the house. The question was raised time and again in the house by the late member for Portage la Prairie, Mr. Leader, who urged the government to take some action in this regard.

One or two other proposals were put forward by the federation of agriculture which I should like to deal with at this time. The recommendations of the Alberta farmers' union and the federation of agriculture are similar. The federation of agriculture, along with the other farm organizations, asked that the exemption for single persons be raised to $1,000 and for married persons to $2,000. All people, especially farmers, were disappointed when the minister announced that he was not prepared to take any action in that regard. First of all apparently he took the stand that already we had exempted over fifty per cent of the people who earned incomes, and second, he said that if we were to raise the exemptions to $1,000 for single persons and $2,000 for married persons we would be reducing the taxes of those people in the high income brackets. Of course it would be a very simple matter to make sure that the people in the higher income brackets would not get any benefit from the raising of the exemption. It would merely mean an adjustment in the tax schedule. I was wondering just what the cost of such a proposal would be. I do not think that the answer which the minister gave on page 3560 of *Hansard* is quite correct. This question was asked the minister:

Can the Minister of Finance tell us what difference it would make to our revenues in Canada if all single persons receiving less than $1,000 and all married persons receiving less than $2,000 were exempt from paying income tax? Has the minister the information available?

The minister replied:

I am told that it would make a difference of roughly $200 million.

Surely that $200 million must represent the loss of revenue not merely from those who would be exempt from paying taxes but also from those who have incomes above the $1,000 and the $2,000 respectively. What I should like to know is, what would be the loss of revenue from these two groups alone? —as the tax schedule could be adjusted so that those above these amounts are not affected. I would say that the figure would be considerably below $200 million. As a matter of fact I would say it would be less than half the $200 million. I hold in my hand the taxation statistics of April, 1946. Pages 117, 118 and 119 give an estimate of the individual income tax payments. From that I tried to work out what the actual loss would be. I quite realize that there may be a mistake in my figures but I think they are substantially correct. From these statistics we find that the number of income taxpayers in the single brackets with incomes below $1,000 would be 593,100, with a total income of $533,172,000. They paid a total tax of $37,730,000. Married income taxpayers with incomes below $2,000 number 799,300, with a total income of $1,271,100,000. They pay a tax of $60,430,000. If all married persons with incomes of less than $2,000 and single persons with incomes of less than $1,200 were relieved of taxes, the government would lose $98,160,000 out of a total of $671,596,000. This class of income taxpayers represents 54 per cent of all income taxpayers. Therefore by relieving from taxes 54 per cent of the taxpayers in the lower income brackets the government would suffer a loss of revenue from income tax of 14 per cent. Of course that does not take into consideration the loss of revenue from people in the higher income brackets above $1,000, which greatly reduces the loss of revenue that the government would suffer from those who would no longer be paying income tax, and those are the people with whom we are chiefly concerned.

I should like the minister to answer this question—whether or not the $200 million referred to the people who would no longer pay income tax, or whether it was taking into consideration the total above the $2,000 or below?

Mr. ABBOTT: The total amount of the revenue, of course. In increasing the exemption I think that $8 out of $10 would go to those in the upper brackets. The effect would be that they would benefit by raising the exemptions. I suppose that approximately $50 or $60 million in tax would be lost by increasing the exemptions for single persons to $1,000 and married persons to $2,000. If one took into account only the loss of revenue from people in these brackets, what would be the result? You would give no reduction to the man who earns $2,001 or $2,500. You would have to start increasing the tax. In other words you have to increase the rates of tax on everybody above $2,000 to the extent of say $50 million; and the practice in other countries where income tax has been highly developed, including Great Britain which is under a socialist government today, and Australia which is under a socialist government, and New Zealand which is under a socialist government, shows that the exemptions are lower than they are in Canada. I feel strongly that the income tax level is fair, eminently fair, just as fair as if not fairer than the level in other advanced countries. I say that to increase the exemptions will create more unfairness rather than less. To use a slang phrase, I am convinced that this plea for increasing income tax exemptions is a phony in so far as it will benefit the vast majority of the people of the country who have to pay taxes. I do not suggest that the hon. gentlemen who put it forward believe that for one moment. I do not impute motives. I know they genuinely believe that it is in the interest of the lower income levels. But my contention is that it is not. I think there is a point beyond which you hurt them rather than help them, because of the fact I mentioned in the budget speech that, rightly or wrongly, or any way you put it, half the people who earn income are below the existing level. There is no use fooling ourselves. This tax revenue has to be got somewhere, and it cannot all be got from people of any figure you like, $5,000 a year and up, if you like, because there are simply not enough of them in the country to do it. If therefore we do not have a well worked out, well adjusted income tax schedule, we shall have to get the revenue some other way, and that means indirect taxes, which work much more injustice on the low income groups than on the high.

That is my view and I hold it strongly. I am a strong believer in a well thought out, graduated, progressive income tax scheme, and that is what I believe we have in this country today. I believe that in fairness income tax relief should be graduated in all groups in the community, naturally less for those with high incomes. But the method suggested of raising the exemptions would not in my judgment accomplish the purpose intended.

Mr. QUELCH: I do not see how the minister can argue that by raising the exemptions you do not benefit the majority, because the figures I have show that if you increase the exemptions for married people to $2,000 and single people to $1,200 you relieve 54 per cent of the taxpayers. In other words, the majority would benefit, and not the minority, by such action.

Mr. ABBOTT: The majority would benefit by unduly penalizing the minority. That is the fact. No man can convince me that the man with $2,500 or $3,000 or $3,500 is not entitled to just as much consideration, on a logical and reasonable basis, in the matter of tax treatment under the income tax act, or under any other act, as the man earning $1,500 or $1,800. It is true that taxes should be imposed in proportion to ability to pay, but you do not do that by an arbitrary exemption. I repeat what I said before. If the argument from analogy is of value, we are not doing too badly when our exemption levels are higher than those in any other country.

Mr. QUELCH: But it would be a good thing for this country to take the lead.

Mr. ABBOTT: We have taken the lead in many things, and we have done so in this instance.

Mr. QUELCH: There is no reason why we should not continue. If you raised the exemptions to $1,200 for single and $2,000 for married persons, from the figures I have obtained, on the basis of 1945, it would cost the government a loss of revenue of $98 million, not taking into consideration the amount lost in respect of people above the proposed exemptions. But in view of the fact that we are bringing about a reduction of revenue greater than $98 million, we could increase the exemptions and at the same time allow for a reduction in revenue from people in the lower income brackets above $2,000 and $1,200.

There are one or two other points that I should like to consider in regard to the brief submitted by the federation of agriculture and

the Alberta farmers union. I refer to No. 7 on the list, which asks that payment of arrears of interest and principal on farm loans due in 1940 be allowed as deductions for income tax purposes. That is from the farmers union, which is almost identical with the one from the federation of agriculture, which asks that payment of arrears of interest and principal on farms due for 1940 be allowed as deductions for income tax purposes. I feel there is every justification for that demand. It is true that last year we introduced legislation to make it possible for the farmer to average his income over a period of three years. The majority of farmer members last year took the stand that the period should be increased to five, but there was a compromise on three years. That, however, was not made retroactive and therefore we find today that many farmers are having to pay tax on debts that were incurred in the past, and therefore the federation of agriculture and the farmers union ask that where payments are made on certain debts incurred in the past, no income tax be charged thereon. There is every justification for that position, for this reason. In the thirties the farmers, through no fault of their own, were forced into debt owing to the fact that they were having to produce at considerably below the cost of production. That was due to the policy of the government of the day.

At that time the farmers were told that they would have to accept world market prices, and that situation continued until 1942, and the farmers kept going into debt. Then in 1942 prices of agricultural products were increased, but at the same time the income tax was greatly increased. Moreover, it might have been possible for the farmers to get higher prices, but the government placed a ceiling on agricultural prices. The result was that we found ourselves faced with this situation. In peace time when prices were low the farmers were told they would have to accept world prices, and when the war came and prices went up they were not allowed to get the advantage of world prices but were told that they would have to take less. Nevertheless they were faced with the problem of having to meet debts that had been incurred in the period of low prices, and those debts unquestionably represent to a large extent unpaid expenditures.

Expenditures incurred in production should be allowed as cost and therefore deductible from taxation. But today, when the farmer tries to meet obligations incurred in the thirties, he finds that those obligations are increased to from 30 to 40 per cent as a result of having to pay income tax. I think the suggestion of the federation of agriculture is reasonable, that repayment of interest and capital on mortgages incurred prior to 1940 should be exempt from taxation.

There is nothing new in this principle. We have adopted it in regard to certain other corporations in the country, and if we can adopt it so far as those corporations are concerned, I cannot see why the principle cannot be followed in agriculture. Agriculture is probably one of the most risky occupations in the country. We have to realize, therefore, that although it is doing fairly well today it may run up against very great difficulties in the future—not as serious, we hope, as in the thirties; nevertheless we may run into a situation where it may be impossible for the farmer to recover cost of production in the prices he receives, and hence he will run into debt once more.

I suggest it would be a good thing if we were to allow the farmers to establish a reserve fund to offset future losses. We must help them not only to get out of debt but to establish such a reserve to take care of future losses. We do that in connection with the chartered banks. We allow them to set aside a certain amount as reserve; the public are not allowed to know what that inner reserve is, and the banks pay no income tax on the amount they put in that reserve. When they suffer losses they can draw money from such reserves to meet those losses, and the excuse given is that these losses are unpaid expenditures and therefore should not be taxed.

I contend that exactly the same principle should be applied to farmers. They should be allowed to meet losses which represent expenditures without having to pay income tax on them. The chartered banks have always argued that inner reserves are merely for the purpose of meeting losses, and they emphasize the fact that during the thirties they suffered heavy losses and had to use up a large percentage of those reserves. But I think it is more true to say that the inner reserves are not merely for the purpose of meeting possible losses but for the purpose of guaranteeing profits, because during the thirties the chartered banks averaged dividends of around nine or ten per cent on paid-up capital. I do not see therefore how you can say that they were having heavy losses when they were able to pay around nine or ten per cent dividends. The fact that they could pay such dividends proves that they were using inner reserves to guarantee profits; and yet they were not charged income tax on the reserves because it is claimed that those reserves were for the purpose of meeting losses. Apparently we are still continuing that policy. In 1943,

what did we find? We found that in that year just two of the chartered banks set aside in their inner reserves over $2,000,000 too much. If in this one year two of the chartered banks can set aside in an inner reserve $2,000,000 too much, it makes one wonder just what the size of that inner reserve may be. I have in my hand a return to an order of the house. I asked this question:

What was the total of the transfers made to contingent reserve fund from the earnings of each of the chartered banks in excess of their reasonable requirements for each of the years, 1940 to 1944?

The answer was that in the case of two chartered banks the amount added to their general contingency reserves during 1943 was in excess of the reasonable requirements of the banks. In the case of one bank the amount was $1,965,566 and in the other, $324,000. Therefore I think it would be interesting if we could find out from the government just how much money had been set aside in the past by the chartered banks and put into these inner reserves which are exempt from taxation. If the chartered banks are allowed to set up reserves of that kind, without paying income tax on them, in order to make provision for possible losses in the future, I cannot see why the farmers who are in a business every bit as risky as banking —or much more so, because the bank has very often refused to make a loan to farmers because they said their business was too risky —should not be allowed to do the same. Therefore I think the farmers would be fully justified in asking that they get the same privilege as the chartered banks and be allowed to establish a reserve to take care of losses in the future, which reserve should be exempt from income tax.

Mr. HARKNESS: The hon. member for Acadia spoke about what is generally referred to as the principle of the basic herd as far as income tax of farmers is concerned. I think he asked some questions, and I did not hear that he received any answers to them, but possibly I did not hear him very well. I spoke at some length on this subject in 1945, and again in 1946, as did several other hon. members; and it seemed to me that our arguments were having a considerable amount of effect on the previous minister of finance. As I remember it, he said that serious consideration would be given to incorporating in the act the idea or principle of the basic herd; that is, when a farmer or rancher had a closing-out sale—went out of business, for example, or retired—the live stock that he sold at that time would not all be considered as income but he would be able to set up what was the normal breeding stock of his farm or ranch and that would be looked upon as capital. I had rather hoped that some change would be made in the income tax act this year in order to look after that matter. I do not want to reiterate the arguments which have been made in former years, but just looking at this income tax schedule I should like to take one particular item, say the one on income of $100,000. On that a man has to pay a tax of $54,390.

The CHAIRMAN: Order. We are dealing with resolution No. 3. Resolutions 1 and 2 have been passed.

Mr. HARKNESS: Yes, but I think the schedule applies to No. 3, because that resolution refers to the schedule. This principle would be of particular benefit to ranchers; the injustice is felt chiefly by them as the law stands at the present time. Many ranchers are now getting to the age where they have to retire. They are too old to carry on. As a result of thirty or forty years' hard work they have accumulated a herd of cattle which is now worth, we will say—if they sell it on the market, in that particular case—$100,000. But the government in income tax takes more than half of that amount away from the man when he comes to sell out, which of course makes it impossible for many of these people to sell out and have enough money left on which to live the rest of their years. I should like the minister to indicate what consideration has been given to this, and whether there is any possibility of anything being done. As I say, it seemed to me that the former minister of finance was just about ready to make the desired change.

Mr. HERRIDGE: I wish to support the remarks made by the hon. member for Acadia and the last speaker in this regard. The hon. member for Acadia presented the case of the farmer very well indeed. I am not going to repeat the arguments he used. The same arguments apply to a good number of the dairymen and beef cattle raisers in the southern part of British Columbia. I noticed that the minister this afternoon argued by analogy, and I want to reply in that vein in presenting another aspect of this case. At the present time we know there has been a tremendous increase in property and land values in all parts of Canada. Men have doubled their money in land or property values if they have seen fit to sell at this time. On the one hand these people are not taxed if their increased capital is the result of an increase in land or property values.

Mr. HACKETT: If they are in business, they are.

Mr. HERRIDGE: Pardon me; I am talking about real estate sales. At the same time the relatively static capital in cattle is taxed when the cattle are sold, if for any reason the farmer is selling out. My argument is this. The increasing values in real estate and property are increases not as a result of any effort on the part of the owner; they are increases as the result of the efforts of society as a whole. Increases in capital investment in cattle or the capital itself is the result of the work and toil of a person and his assistants. I should like the minister to explain to this house how he can give moral justification for the distinction between the methods of taxation of those who obtain and increase their wealth as a result of the action of society and those who produce wealth as a result of their own efforts.

Mr. DIEFENBAKER: In connection with the matter raised by the hon. member for Calgary East, one example that I know of comes to mind. Within the last one and a half years a farmer in Saskatchewan, who over the years had been engaged in the cattle business and built up a herd such as was referred to by my hon. friend, became seriously ill and was taken to a sanatorium, and his wife, unable to carry on, had to sell the stock. The man died, and the income tax authorities are proceeding to mulct the estate —that is all I can call it, even though it is within the law—on the basis of income in respect of the sale made in 1945. I feel that serious consideration should be given to this matter. If the whole amount could not be rendered exempt—and I realize that it could not—the entire income from the sale should not be subject to income tax.

The particular example I have in mind has resulted in a condition of affairs which is most serious. This man had practically his entire business in cattle. He built up a herd worth some $25,000, and all he had over and above that was an estate worth approximately $10,000. When illness overtook him and he found it necessary to sell he realized $25,000. Now that he has passed on, not only is the widow liable to succession duty, but she is being held liable to pay income tax on the $25,000, the value of the cattle sold in that one year, which has placed her and the family in a very difficult position. I realize that there were ways in which the matter could have been gotten around, by giving notice in advance; but surely under the circumstances something could be done in order to ameliorate such conditions and to remove anomalies which have resulted from the strict application of the law.

Mr. WRIGHT: I should like to add my words to those of other hon. members who have spoken in regard to this matter of farm income tax. We have been discussing these matters in the house for a number of years now; since 1944 we have been raising these questions of the basic herd, in regard to reserves, in regard to what deductions should be allowed in respect to interest, and various other matters. I believe we are making some progress, but we have still a long way to go before we give the farmer the same deal that is enjoyed by other groups in our economy.

I agree with the arguments advanced by the hon. member for Acadia, and there is one particular point I want to bring to the attention of the minister. That is the matter of allowing payments of interest as a deduction. During the thirties, in a great many cases in Saskatchewan and the other western provinces, and in fact all across Canada, people got behind with the interest on their mortgages. In 1937, 1938, 1939 and 1940 various agreements were reached with the mortgage companies whereby the mortgages were consolidated. In some cases the companies reduced the amount of interest due and then had a new agreement drawn up under which the remaining interest became part of the principal and the new agreement took effect as from that date. Now when a farmer makes a payment on that principal he is not allowed to deduct that portion which really represented interest and was consolidated with the principal. A farmer may have borrowed money at the bank. He may have had a crop failure; there may have been grasshoppers or something else may have happened so that he was not able to meet the note. He went to the bank and the manager said, "Well, we will just include that interest with the principal in a new note," and the new note is made out. The farmer is allowed to deduct the interest paid on the new note, but he is not allowed to deduct that part of the payments on the note represented by interest, and I think the government should give some consideration to that matter. I believe that where there has been a consolidation of a loan, the amount of that consolidation representing interest should be deductible with respect to income tax. I do not know to just what extent that is being done, but I feel that it could be done by regulation rather than by a change in the act, and I ask the minister to give consideration to this suggestion.

I would say also that there should be some uniformity in the administration of the income

tax as between various districts in the country. I do not know just how much leeway is given the various district offices in the administration of the act but I know there has been a considerable variation in administration. I know that in my own district in 1945 and 1946 deductions were allowed for breaking. Then the income tax people became aware that certain people who were not farmers were hiding income by buying unimproved land and breaking it, and deducting the cost of breaking from their income before paying their tax. As a result the income tax people tightened up in their application of the regulations. I believe some publicity should be given the regulations so that the farmer may know just what his rights are in connection with income tax. I believe overpayments are being made by farmers in many cases through lack of knowledge of their rights under the act, so I would ask the minister to consider giving greater publicity to the correct manner of making out these returns, and the rights farmers have under the income tax regulations.

I fully agree with the hon. member for Acadia in his suggestion that farmers should be allowed to build up certain reserves against years of crop failure. There is no doubt that farming is one of the riskiest occupations, and farmers should be entitled to set aside certain reserves each year against crop failures, low prices, or years when they make no income. If some of these things were done I am sure agricultural production in this country would be increased. In my estimation there has been a great reduction in agricultural production simply because a great many farmers, though they have never paid income tax, thought they might get into that category. Certain farmers in the area who operated on a large scale were called before the committees, the various tax collectors who were sent out, and had to go back over their records for three, four or five years. Then, everybody in the community simply said, "Well, we are not going to get into that group. We are just going to carry on and make as little as we can. We are not going to try to produce," and as a result there has been a considerable reduction in agricultural production. I think every hon. member from an agricultural constituency will agree with that. Some time ago the Minister of Agriculture argued that so few farmers were paying income tax that this had no effect on production, but I say it has had an effect on production. Therefore I believe, if more publicity were given the exemptions a farmer is allowed, so that he would realize that he could produce without being seriously mulcted, as the hon. member for Lake Centre has said, in regard to income tax, we would get greater production. The government should take that point into consideration.

Mr. ABBOTT: Perhaps I might say just a word on the matter of farmers setting up reserves. That point was raised by the hon. member for Acadia, and he used as an analogy the fact that the banks were allowed to set up reserves. I want to make the point clear that, of course, the so-called hidden reserves set up by the banks are reserves of a completely different nature. They are set up to take care of possible losses or bad loans. A bank may not use them to pay dividends; it may not use them for its own purposes. Before it can do so, it must bring them back into profit and loss and pay the tax on them. With regard to the suggestion that the farmer be allowed to set up a reserve, so-called, for bad years, that has been taken care of, or we are trying to take care of it by the averaging provisions which were put in last year. That is in recognition of the fact that farming is a business which varies from year to year. But in my judgment there is no analogy between the special reserves which are set up by the banking institutions because of the special nature of their business, and a reserve which might be set up by a farmer or, for that matter, by any other type of businessman.

Mr. QUELCH: We are told that the banks, as the minister says, are allowed to set up an inner reserve to offset future losses. We were told in the banking committee that the banks had suffered heavy losses in the thirties, and had to draw heavily upon those inner reserves. The point I made was this, that, despite that fact, throughout those years the banks paid dividends averaging nine or ten per cent.

Mr. HACKETT: No.

Mr. QUELCH: How could they have losses if, at the same time, they paid profits.

Mr. LENNARD: I, too, am opposed to the method of taxation now in force in connection with the sale of herds and have voiced my opposition for the last several years. I know of half a dozen cases in my district where farmers who were advancing in years, during the years of war because of lack of help were forced to sell out their herds. And in selling those herds, which had been developed over a lifetime, they were heavily penalized.

I drew to the attention of the former minister of finance the fact that in my own locality I have known where one man, through the

profits he has made over the years, acquired more land, to a point where probably he owned three or four farms. The day came when he wished to sell out and to retire to a village or town. He sold those farms and suffered no tax penalty. That was capital gain. On the other hand, I know of several farmers who have built up herds over the years and who, when they have reached the point where they sold those herds, have been heavily taxed. In my opinion that is an unfair condition, and I suggest that the minister should give it careful consideration.

Mr. BENTLEY: I should like to make some observations, but perhaps the minister wishes first to reply to what has been said by some other hon. members.

Mr. ABBOTT: When all those who are interested have finished, I shall deal with the basic herd problem.

Mr. BENTLEY: I had two questions to ask the minister. I understood the minister to make a statement which, if he did make it, amazed me. I was listening carefully, but I might have misunderstood him. Did I understand him to say that he did not believe in an arbitrary exemption figure?

Mr. ABBOTT: No, I do not recall having said that. If I did, I did not intend to. Perhaps my hon. friend is referring to my statement that I did not think one could solve the problem of tax relief by simply placing—and I may have used the word "arbitrary"—an arbitrary figure, if you place it too high.

Mr. BENTLEY: That explains that. I wish this afternoon to deal with a matter which has not been discussed by other hon. members this afternoon.

Mr. ABBOTT: I wonder if the hon. member would permit me to speak about the basic herd, before we leave that phase of the matter.

Mr. BENTLEY: Yes; I am quite willing to give place to the minister.

Mr. KNOWLES: The minister is not referring to the opposition as a basic herd, is he?

Mr. ABBOTT: No. I have listened, as a matter of fact, to speeches about basic herds for the past three or four years, but I do not know yet what a basic herd is.

Mr. GREEN: Is it not just about time you found out?

Mr. ABBOTT: And I do not believe anyone else does, really. However, facetiousness aside, hon. members are asking what portion of the sales price of a herd is capital, and what is income. I answered the hon. member for Cariboo a few minutes ago by saying that my view is that the determination of that question is not one which requires legislation, and that the question as to what is capital and what is income in respect of a farmer who sells his herd of cattle is one for administrative determination under the provision of the act as it stands.

I understand that some relief has been afforded in respect of dispersal sales—whatever those may be. Perhaps the term is more or less self-explanatory. However I am informed—and I believe my information is correct—that no amendment to the law is required to enable the Department of National Revenue to determine, in respect of the sale of a herd, what portion of the purchase price is capital and what portion is income. I should think that if a taxpayer feels he is aggrieved by the decision of the taxing authority, he should then lodge an appeal, because it is really a question of fact, pure and simple, and is based upon recognized accounting principles. As I see it, the only way to cure it would be to enact some specific provision of law which would depart from recognized accounting principles.

Mr. SMITH (Calgary West): I should like to say a word or two at this point. I had intended rising before the minister, but I was too slow. The way I see the picture is this. Let us assume there are two men, one of whom bought a half section of land for which, we will say, he paid $2,000. Then his friend bought $2,000 worth of cattle, and grazed them on the first man's half section. The man who bought the cattle works hard and, before the years of heavy income tax, we will say he increased the value of his herd to $5,000, or to the point where he owns $5,000 worth of cattle. In the meantime, the value of the land has increased. These men put up the same amount of money, but one worked hard and the other did no work. The value of the man's land increased to $5,000, representing a capital gain of $3,000, and he pays no tax. The other man, who put up the same amount of money to buy cattle, and who worked hard with the herd, pays on the total increase.

Then the man who did the work becomes ill, or dies, and a sale must be made. In that event the tax is paid on the total increased value of the herd. On the other hand, the man who bought land has to pay nothing at all by way of taxation.

Do not misunderstand me. I realize fully the difficulties which confront one when he attempts to deal with this question. I fully

realize that no one should be permitted to buy a couple of cows and let them increase until disposal time without paying any income tax. He has not paid any income tax because, owing to the fact that he has not sold any, he has had no income. Of course, if the minister were a stock man we would know that he would have to get rid of a bull or two, because they have to be changed now and again.

In the hypothetical case I have given, I can see that there might be some evasion; and I do not mean that it would be deliberate. However, there might be some injustice so far as the taxing authority is concerned. But I assure the minister of this, that in that ranching and farming country in which I live this is the greatest source of irritation.

As a suggestion, I do not see why the Department of National Revenue, the collecting department, cannot do something like this. Generally speaking, those men do not keep books. The big fellows do, but the intermediate and smaller men do not. I do not see why it could not be found, as a question of fact, what a man's herd was at a given date To use a word which is disliked, it could be done in an arbitrary fashion. Choose an arbitrary date, and put it on a basis that people can understand.

I should like to say one thing more; and in this instance I have a file from which to get the facts. The same principle is involved. My inquiry comes from a public administrator in the judicial district of Calgary in the province of Alberta. I have had correspondence with Mr. Brown, who is no longer there, and with Mr. McAdams. The correspondence is not complete, because, unfortunately, they lost the file which contained my original correspondence. I am not blaming anybody for that; I have lost files myself. Those things happen.

This man is a public administrator, and in an estate which he administers he has some producers' certificates, which are received from the sale of grain. The Minister of Trade and Commerce will understand that. They are treating those certificates as being both capital and income. I think that should be rectified immediately. What I am referring to is going on at the present time. It may be a mere incident; perhaps there are not many people who die and who have producers' certificates, but the thing is utterly wrong. Will the Minister of National Revenue please not think I am blaming any one in his department for losing a few letters. I am more likely to lose letters than he is.

To come back to this herd business and matters of that kind, these things are not only serious to the individual; they are most irritating, broadly speaking. It seems to me that a great improvement could be made in that subdivision or area of taxation of farmers or cattle raisers.

Mr. WRIGHT: The minister asked for a definition of basic and herd and I should like to give him one as understood by the average farmer. A farmer may have been going on from year to year without being eligible for income tax. He will have built up his herd. Then in 1944 he reaches a point where he is taxable on his income. He has at that time thirty head of cattle, the herd having been built up when he was not taxable. Then in 1946 when he has increased this herd to forty he sells everything. He is then taxable on the whole forty instead of just the ten he has accumulated since becoming eligible for income tax. I think that is the idea which the average farmer has in mind.

The federation of agriculture has a similar idea, but instead of doing it on an individual basis they take the year 1941 as being the year in which a number of farmers came under the income tax and they ask that the year 1941 be used as a basis. The department could use either method, but I think most people would prefer the individual basis.

Mr. ABBOTT: I am interested in my hon. friend's definition of basic herd. All I can say offhand is that it would change the size of the basic herd with the increased income tax exemption or because of the number of children a man might have.

Mr. BENTLEY: In spite of the minister's last remark, I still agree with those who have spoken. I am in favour of having some basis for establishing basic herds for the taxation of farmers. The other evening the hon. member for Battle River asked some questions and the minister promised to give replies. Before he does so, I should like to say a word or two about one of the things mentioned in the united farmers and the farmers' union brief, so that the minister may make provision for this when he brings in his bill.

It may not seem important to many people when I mention the digging of wells, but I would point out to the minister and to the committee that a well on a farm is of almost paramount importance. In many of the branch offices no allowance is made for deducting the cost of digging a well. Whether that is a principle adopted by the revenue department or whether it is a matter of administration, I do not know. I can quite understand that if a farmer were to dig a well costing $1,000 and got water, he would not be entitled to deduct the total cost of the well but he could depreciate it over a period.

But a farmer who is anxious to obtain water may dig four or five wells costing anywhere from $400 to $1,000 and sometimes $2,000 each, and yet strike no water. Such a man would not have improved his capital position. In fact he has depleted his income and his capital position, and no provision is made for that. That happens quite frequently. When it comes to the matter of exploring for petroleum a different method is used. Petroleum companies are allowed to deduct for income tax purposes a certain percentage of the amounts expended for exploration purposes, and dry wells come under that regulation. I am not complaining about that but I do say that the exploring for petroleum is no more important to those companies or to the people of the country than is the digging for water to a farmer. If it is fair to allow these deductions in connection with petroleum explorations, the same principle should be applied to farmers who are digging wells.

Many other points were mentioned in the brief of the farmers' union and the United Farmers of Canada, Saskatchewan section, but they have been dealt with and I shall confine my presentation to this matter of digging wells which is so important to the farmers of this country.

Mr. REID: While the time may come in the future when every one will fill out his income tax form with a great deal of pleasure, nevertheless the case cited by the hon. member for Calgary West is one of those things that irritate people, and the more irritation and inequality we can remove, the better it will be for all. I rise to mention one matter in connection with people doing work for government departments on behalf of the farmers.

A veterinary surgeon doing work for the Department of Agriculture is allowed nine cents a mile for driving his car. A rate of nine cents is not outrageous for driving through country districts. There is one veterinary in my district who sometimes covers 2,000 miles in a month and he will work six months in the year for the department. When it comes to making out their income tax returns these men are told that they will not be allowed nine cents a mile for expenses, that the allowance will be limited to four and a half cents a mile and that twenty-five per cent will be taken off the luxury driving.

Generally speaking, a man who drives 2,000 miles a month or 18,000 miles in six months on behalf of the Department of Agriculture is not going to do much luxury driving. I just want to draw the minister's attention to this thing which is so irritating. If the Department of Agriculture allows nine cents and that is a fair price—why should the income tax division not also allow nine cents. This thing has been going on for a long time and I am drawing it to the attention of the minister in the hope that it will be corrected.

Mr. SMITH (Calgary West): May I add one further word which I think will be helpful. We are really talking about cows. A man will have so much land which will maintain a certain number of cattle, and the number generally remains fairly stationary. If a cow becomes too old, he may sell it but he replaces it with another one. Let us take 1941 as the base period, assuming that that has been fixed. A man has forty cows worth $100 apiece. We will assume that in 1945 he still has forty cows, but they are now worth $150 apiece. We all know that cattle have advanced considerably. By 1945 the man has had a capital gain of fifty per cent.

If I bought land or stocks or shares or some machinery and sell it at an increased price, that is not taxable as income. The farmer with his forty head of cattle who sells them at an increase of fifty per cent, has had a capital gain just as surely as in the case of these other sales. Yet he is assessed with the sale price as income today.

Mr. GILLIS: I would not rise except for a definition which the minister placed upon the question raised by the hon. member for Vancouver South, namely, that of exempting pensions for income tax purposes. In reply to the hon. member, the minister said that these pensions, voluntary or contributory, were somewhat of a gift.

Mr. ABBOTT: No; I was referring only to non-contributory pensions.

Mr. GILLIS: One could classify the others as almost seventy-five per cent gift, because they are all three-way pensions. I want to put the minister right at the start. None of these things is a gift, because if one contributes to a pension on a voluntary basis or otherwise, the first charge on his wages in the negotiations is that gift.

Mr. ABBOTT: I agree that the word "gift" should be changed.

Mr. GILLIS: He might have been receiving ten per cent or fifteen per cent more in wages were it not for the fact that a retiring allowance was established.

Mr. ABBOTT: If my hon. friend will allow me, the reason I made the remark was that if he had received fifteen per cent extra on wages he would have paid taxes on it.

Mr. GILLIS: The minister might well consider exempting pensions for income tax purposes. If you calculate the amount I believe the government would lose very little money if they did not collect taxes from pensioners. Few pensioners are in the income tax brackets. Nevertheless there are a few, and we hope some time to raise the pensions above the exemption levels. We are trying to take time by the forelock and get ahead of the minister.

There is another pension or retiring allowance which, in my opinion, is treated rather badly. Take a civil servant who has contributed to a superannuation fund for fifteen or twenty years. There were some of them in the service who during the past war joined the armed forces. They withdrew their superannuation allowance in the form of a lump sum, and they were taxed on the lump sum payment, despite the fact that it was paid in over a period of fifteen or twenty years.

Mr. ABBOTT: I am informed that they were taxed only on one-third of the amount.

Mr. GILLIS: I do not know; my information is that they were assessed on the whole amount.

Mr. ABBOTT: After the war rates came in, I am informed that they were assessed only on one-third.

Mr. GILLIS: The minister might check that. It was wrong to do it in the way in which it was done. Many of these young fellows came back to the service but could not return to their old positions. They took a lower position, and I believe that the payment should have been considered as a gift; there should have been no assessment against the superannuation. A man builds it up over a period of fifteen or twenty years with the expectation that it will carry him over the lean years of his life. He becomes patriotic and joins the services, offers his life to his country, and what he has built up to care for his old age is taxed. When he comes back he takes a lower position with no expectancy of comfort if and when he reaches the age where that is necessary.

These are the two points that I wish to mention. Because of the small amount of revenue that the department would be losing in taxes, the minister should make an announcement as soon as possible to the effect that in future pensioners of this country will be tax free.

Mr. ABBOTT: I am always tremendously struck with the voluntary assistance I receive in methods of reducing revenue and increasing expenditures, but I get few suggestions for increasing revenue. Of course, as hon. members know, my problem is to make ends meet if possible, so that I cannot—much as my heart is touched by a good many of these appeals—accede to them all.

Mr. KNOWLES: In answering certain arguments put forward by this side of the house, a while ago the minister used the word "phony". I realize that he was in a pleasant mood when he used it and had a smile on his face, but I fear it was—

Mr. ABBOTT: I will substitute the word "fallacious" if my hon. friend would prefer it.

Mr. KNOWLES: I will accept the change. In other words, the minister regards as fallacious the arguments which have been made from this side of the house. After all, there was a solid vote on this side of the house on the matter of—

Mr. ABBOTT: As was to be expected.

Mr. KNOWLES: —raising the exemption levels. The minister said that it was the responsibility of the government to be fair to all members of society, and that consideration had to be given to the $3,500 man and the $5,000 man as well as to those in the $1,500 and $2,000 brackets. May I say to the minister that if he thinks there is anything phony and fallacious about the argument from this side of the house, then his argument fails to take into consideration all the facts of the matter. What one has to consider in these matters is not just the amount that is being paid by taxpayers, but the amount that they have left. According to the new rates, after the $2,000 man pays his taxes he will have $1,930 left in 1948; that is in the case of a married man. The $5,000 married taxpayer will have $4,330 left after he pays taxes, and the $200,000 married taxpayer will have $67,507 left. There are all the gradations in between. I suggest that the responsibility of government, yes, is to all its citizens, to the whole community, but its responsibility is greater to those in the lower income brackets than it is to those further up.

The minister just said that it is his problem to try to make ends meet. I suggest that it is also the responsibility of the government to try to help the people to make ends meet. Those who are down in the brackets of $1,500 to $2,000 simply cannot do it, let alone the thousands of people who are even below these levels, and therefore are not liable to pay taxes at all.

It seems to me that in the whole of this discussion about income tax, revenues and expenditures of the government, the government's approach is too much of a business one and not a human one. The government

seems to think its job is simply to get such revenues as it can to discharge governmental responsibilities at a minimum. We feel that the budget of a country should be such as to provide for the welfare of all the citizens.

The minister has just said that he gets few suggestions as to how to increase revenue. My desk-mate, the hon. member for Mackenzie, will continue with the reply that I am making to the minister's statement of a while back and offer him a suggestion or two.

Before I take my seat I should like to ask the minister one other question about another subject on which I hope he will make a statement before this item passes. My other question has to do with refundable savings that were taken during certain years of the war. I know the act provides that the first of these savings shall be repaid not later than March 31, 1948, and then there is a sort of revolving-door policy from there on. But it also provides that the governor in council may make payments at an earlier day.

As the minister knows, there are people who, during the war years, were in the income brackets and were paying these refundable savings, who are now in straitened circumstances. A great many feel that some provision should be made to pay these savings back to them now, when they are needed. It would be desirable if the minister could make some statement as to the plans of the government in connection with this matter. Is there any chance of the first payment being made earlier than was anticipated? Also, when payments start, are they to be spread over a period of years, or is there some chance that people in straitened circumstances may be able to get back at once all that is coming to them?

Mr. ABBOTT: At the moment I cannot go farther than I stated before, namely, that, in accordance with the statute, refundable payments due by March 31 next will be paid by that time. This involves the sending out of several hundred thousand cheques and there is much mechanical and administrative work there. What it may be possible to do in future years with respect to accelerating payments, or possibly attempting to do something about payment on a selective basis in cases of hardship, is a question regarding which I cannot make a statement at the moment. There are tremendous difficulties in the way of making a selective refund of these refundable portions. One who reads the mail on it is struck, of course, by cases in which genuine need is demonstrated; but naturally, human nature being what it is, if refunds were made in anticipation on a selective basis, many people would apply who would not, strictly speaking, be entitled to get it, and this would mean that every case would have to be investigated. Briefly, I am not prepared to make a statement as to what the government might be able to do, other than the one I have already given, that this year's contractual obligation will be met, and we shall have to see later whether something can be done.

Mr. KNOWLES: The other matter is still being studied?

Mr. ABBOTT: That and other things like it are being continually studied.

Mr. NICHOLSON: As I followed the minister's remarks, I made a few rapid calculations as the debate proceeded. I anticipated that he would want information to indicate what might be done if the income tax brackets were raised. In answer to a question of mine the other night, the minister intimated that if all income tax payers receiving less than $1,000 for unmarried persons and less than $2,000 for married were exempt, it would mean a loss of revenue of $200 million, and those who are critical of government policy might fairly be expected to make some suggestions.

I think it is a sound principle of taxation that in a country as rich as Canada we should have a minimum below which no citizen should be expected to live. The Minister of Justice sets standards for people in the penitentiaries. It is a credit to Canada that we should provide medical services, dental services, adequate food and heated accommodation for criminals. I suggest that it is equally desirable that all citizens should have a minimum below which they should not have to live, and likewise we should have a maximum so that there would be a ceiling on incomes. I would not expect the Minister of Finance to advance this, but I think all members would agree with me that the Minister of Finance should possibly have one of the highest salaries in the dominion.

Mr. ABBOTT: Oh, no.

Mr. NICHOLSON: Perhaps we should say that the highest income should go to the Prime Minister. That would be only fair The one selected by the people to hold the most important position should have the highest income that we are prepared to leave to any one individual. The Minister of Finance is required to perform exacting duties. He has no guarantee of employment for any particular time—

Mr. ABBOTT: Hear, hear. Thank goodness.

Mr. NICHOLSON: I think it is hard to understand why the Minister of Finance and

his colleagues in the cabinet should work as they do on the salaries they receive, while twenty-five persons in the dominion, under the taxation system we now have, will be left $67,000 a year after paying taxes. As I mentioned the other night, in Great Britain this year there are only forty-three persons who are left with $24,000 or more, after paying taxes. I am going to be very generous and suggest that $25,000 should be the maximum that any taxpayer should have left in Canada.

The minister earlier raised objection to arbitrary amounts, but we have arbitrary amounts now. We have arbitrary amounts at which taxation shall begin and abitrary amounts when we say that a married person receiving $2,000 a year will pay so much. But these other persons I have mentioned still have left, after paying their taxes, $67,000. On the basis of having 650 persons in Canada receiving $50,000 a year or more—the department will not break down the 650; the Minister of Agriculture gave some help, but let us assume that the 650 are divided as I shall suggest—there are twenty-five of them who receive $200,000, 100 who receive $100,000, 200 who receive $75,000 and 325 who receive $50,000. If you were to tax everything above $25,000 for those 650 persons you would have an additional revenue of $19,728,000, according to my rapid calculations.

Mr. ABBOTT: You soon would not have people earning that income.

Mr. NICHOLSON: I submit that if there are persons—

Mr. ABBOTT: You would get them one year and that is all.

Mr. NICHOLSON: —who are now taxed as soon as they reach $1,500, having to pay rent and keep their families, there is something radically wrong if others cannot get by on $25,000 a year. I submit that it would be a fairly easy matter and a thoroughly sound proposition to go through the upper brackets and take an additional $200,000 a year from those who can well afford it and who would still have left, after paying taxes, more than what might be regarded as a reasonable amount. They would have the assurance of good housing, adequate food, and so on and they could make provision for old age.

While we cannot expect the minister to meet our position this year, I assure him that he will have a constant barrage from this side so long as there are taxpayers left with $67,000 a year or more, after they have paid income tax.

[Mr. Nicholson.]

Mr. ABBOTT: I do not propose to make an extended comment on the remarks that have been made. It is an old and familiar argument—"soak the rich". That is what it is, and I do not object too strenuously to appropriate taxes on men of wealth. I think our income tax scale is a pretty steeply progressive one when you take eighty cents on the top dollar. But no matter how hard you try to soak the rich in this country, or in any other country, you cannot get sufficient revenues from that group, because there are not enough of them.

Mr. NICHOLSON: You get $19 million odd.

Mr. ABBOTT: I make that statement without fear of contradiction. If you want $90 million or $100 million from that group you cannot get it. That is the fact. My hon. friends can urge that argument as long as they like, but it will not work. I interjected, when the hon. member was speaking, that you would not long have people earning that income in any event.

An hon. MEMBER: It is unearned income.

Mr. ABBOTT: Moreover, we live alongside a country which is large and powerful and, as I have said before and repeat now, we cannot insulate ourselves completely from conditions as they exist in that country. I agree with my hon. friend that it is desirable to maintain a certain minimum standard of living in this or any other country, but that depends on the level of production in the country, and you cannot legislate for any standard of living. People have to work and produce. You can, it is true, assist in the standard of living by sound fiscal measures, by not imposing a tax structure which deters production, which prevents the undue increase of wealth. That is perfectly true. But you cannot raise the standard of living in this or any other country by a purely "soak the rich" tax policy—

Mr. LOW: Hear, hear.

Mr. ABBOTT: —or talking about a minimum standard of living.

Mr. KNOWLES: But you can, by positive steps taken by the government.

Mr. ABBOTT: Yes, that may be true. But they are not in my judgment the positive steps suggested by my hon. friend.

Mr. GREEN: Before the resolution carries, there is one point I should like to place before the Minister of Finance with regard to income taxation. The war has now been over for

nearly two years, and I think most Canadians are getting pretty well settled down to normal peacetime living. One of their big problems is that of planning their lives; including of course, their financial affairs; and the government—quite rightly, we in the official opposition believe—is relying on the individual Canadian to do just that—to plan his own affairs, to stand on his own feet. By having as many as possible of our people doing that, we believe we can have the strongest nation. But one important factor to be remembered is that in a plan of that type you must tell the people the facts. They must be given all the information available.

I suggest to the minister that the Canadian people should be given, at as early a day as possible, an approximate idea of the ultimate level of income taxation. The Department of Finance must have some thoughts as to what proportion of our taxation can be raised by the income tax and what percentage of a person's income should be taken from him in that way. Under the proposals of this year, the tax on the first $100 of taxable income is 10 per cent, as hon. members know; on the second $100 it is 12 per cent; on the third, 14 per cent; on the next $100, 16 per cent, and on the next, 18 per cent. Then for taxable income from $500 to $3,500 it is 20 per cent. That is really the rate that applies to the largest group of income taxpayers and I use it to illustrate my submission. Are we to be able to go below that rate? The minister, when he made his budget speech, said at page 2553 of *Hansard:*

> Had our taxes been raised gradually and under normal conditions to their present levels, had they been increased for the productive, peace-time purposes of national development and social security rather than for the unproductive purposes of war, then the present levels might perhaps have been acceptable and tolerable as continuing levels.

He went on to say that such, of course, was not the case, and I quote:

> Instead, however, they represent a position to which we have returned after a sudden and unpleasant excursion into painful war-time levels of income tax, and people are still smarting . . . from their war-time experience . . .

Then he uses these significant words:

> . . . one must reach the conclusion that those who must bear them—

That is, the income taxes.

> —are not ready to support income taxes on the present scale. In fact, I am sure that were our present levels of personal income tax to be continued, they would constitute a serious impediment to a full working effort and a brake upon the drive and initiative of men and women in all groups and classes.

A reduction has been made, and the minister said with regard to that reduction, at page 2555 of *Hansard:*

> I believe that the verdict of all responsible persons will be that we have gone as far as we can possibly afford to go under the present circumstances.

I think the people of the country still feel that the income tax is too heavy. I do not believe they are prepared to go on paying rates, for example, of 20 per cent in the income range to which I referred a few minutes ago. They feel that they are being heavily shackled even yet by the income taxation. I would ask the minister to let us know, if he can, what the Department of Finance consider to be the normal level for the income tax.

Mr. ABBOTT: I make no claim to being a prophet, as my hon. friend will appreciate. I assume that the Canadian people must continue to pay their bills, and the amount of tax which will have to be raised will depend upon the amount of expenditures and the amount of government services which the people of Canada, through their elected representatives, demand. I made reference to that in my budget speech. I pointed out that I get continual demands from hon. gentlemen opposite—and sometimes from my own party—for additional expenditures, but I never get any suggestions for reduced expenditures. The reductions in income tax which were made this year, as I said in my budget speech, were as much as I felt I could responsibly recommend with the commitments which Canada has to meet this year. It is true that a great many of those commitments are, I hope, of a temporary nature; and I refer particularly, of course, to the benefits for veterans and so on. But it is difficult to estimate with complete accuracy just what amount those will run to this year. I think the committee will find, when the supplementary estimates are brought in, that in that field as well there will be substantial additional amounts which will have to be provided for. With all these uncertain factors, I am not in a position to say today what I think the income tax scales may be next year or the year after. That, in my judgment, is something which has to be determined each year as we go along; and it will be determined by the demands made by the Canadian people for additional government services of one sort or another. It will depend on the extent to which this or any subsequent government is able to reduce government expenditure but without impairing the essential government services which the people of Canada, through their elected representatives in this house, demand. That is the only answer I can give to my hon. friend.

Mr. GREEN: The minister has hardly answered my question.

Mr. ABBOTT: The hon. member has asked me to assume the role of a prophet.

Mr. GREEN: No, I did not ask the minister to assume the role of a prophet. He is the last one I would ask to do that.

Mr. ABBOTT: Hear, hear.

An hon. MEMBER: What does that mean?

Mr. GREEN: What I had in mind was this. Are the department not working toward some goal of a normal income tax? There must be some opinion as to approximately what the normal income tax rate should be in peace time in Canada. If the department have not formed some opinion on that; if they are working in the dark, then, of course, I cannot get any answer to my question. But I point out to the minister that while he emphasizes the people's demands for expenditures, in the final analysis the government of Canada must decide what the expenditures are to be.

Mr. ABBOTT: This house decides.

Mr. GREEN: Oh, well, the government decides; and the government must also decide what the tax is to be.

Mr. ABBOTT: This house decides. The people's elected representatives decide, and the demands for new services are the final determining factor.

Mr. GREEN: No. The government has to have the backbone to decide what is to be spent and what is not to be spent. All I am asking is whether the Department of Finance is working toward any target for the normal income tax in Canada?

Mr. ABBOTT: I am now going to answer for myself as Minister of Finance, because it is the minister, in the final analysis, who determines what the tax policy is; and that is as it should be. He is the one who comes before this house and makes tax recommendations and makes recommendations as to the proportion of the total tax load which will be raised by direct taxation—that is, by income tax on individuals or business concerns—and what will be raised by indirect taxes. I have certain personal views as to what is a fair proportion between the two. Personally, I should like to see the indirect tax burden reduced as much as possible because, broadly speaking, I feel that it is less fair than direct taxation. The proportion I have struck this year is the best I have been able to arrive at, as I have said to the committee before. I am not going to make any predictions as to what may be the situation next year; for all I know I may not be minister, probably will not be. This is not something on which I think one should try to make a long-range forecast. Today we estimate that the new income tax structure in a full year will raise something in the order of $425,000,000. My hon. friend can calculate as well as I can what proportion of the total budget is taken from personal income taxes. Then there is a further very substantial portion taken from income taxes on corporations and business concerns. I do not intend to make any predictions. I have views of my own, but I do not think this is the time to voice them. I can assure my hon. friend that the Department of Finance is not working in the dark, and I hope I am not working in the dark.

Mr. GREEN: Then I am afraid there is not likely to be much reduction in the income tax.

Mr. MacINNIS: I have no wish to come to the minister's defence. I like him as an individual, but I do not like his economic and social outlook. However, I think he is working in the dark, and as a matter of fact I believe the hon. member for Vancouver South is working in the dark also.

Mr. GREEN: But not as dark as the hon. member for Vancouver East.

Mr. HACKETT: Is he in the light?

Mr. MacINNIS: We shall see about that by and by. Here are people talking about long-term policies, who have washed their hands completely—until yesterday, when we were talking about housing—of directing the economic production of this country. They say production is something with which the government should not be concerned. The production of the country is the wealth out of which the people obtain their living; and that wealth is produced socially. Some get more and some get less of the total produced wealth. Income and other taxes are used to even out the distribution of the national income to some extent. A moment ago, replying to an hon. member over here, the Minister of Finance said the slogan of the C.C.F. was the old slogan of "soak the rich." The only difference between our slogan and his is that his slogan is "soak the poor."

Mr. ABBOTT: That is an easy generality. It is not soaking the poor, and my hon. friend knows better.

Mr. MacINNIS: Just a moment, now. When someone hits at my hon. friend he does not like it, but he was hitting at us and we

have every right to hit back. He says our slogan is to "soak the rich", and I say he is soaking the poor.

Mr. ABBOTT: I say, don't soak anybody; be fair.

Mr. MacINNIS: All right; now we can agree. Some people are definitely getting soaked, because the minister himself has said that more than one-half of the income earners of this country were receiving incomes below the present level of income tax exemptions. I tell you these people are being soaked, I do not care who is doing it; and because they are being soaked we have to provide various ways of helping them. I am always surprised —that is not correct; I am not surprised, but I wonder at it—when hon. friends to my right ask for a reduction in taxes and then for increases in government services.

Let us look at some of the things we are asking for at the present time, at this present session of parliament. We are asking for better old age pensions. If we are to have better old age pensions the funds to provide them will have to come out of the income of the country, out of the national income. Since we cannot possibly take it out of the people who are already below the income tax exemption levels, it has to come from the incomes of those above the exemption levels. Yesterday we asked for subsidized housing. It is realized that those receiving incomes less than the exemption levels cannot provide themselves with decent housing. If we are to subsidize housing the funds must be provided through taxation. Then we want better health services. If anyone comes along and says we should have better health services, everyone is agreed. Those who are receiving sufficient income to pay for health services can provide their own, but the more than one-half our population whose incomes are below the income tax exemption levels cannot provide health services for themselves. Consequently, if we are to give better health services that means further expenditures the dominion government has to take on, and it has to come out of taxes. Then several proposals were made that we should make grants in regard to education. I am not trying to be exhaustive in this list; I am just mentioning a few of these things. So, if we are to do all these things, is there any possibility of doing them and at the same time either reducing or stabilizing taxes?

I think we should be discussing how to increase the total income, the total produced wealth of the country. That is what we should be concerning ourselves with: more houses, more schools, more machines, more factories, more roads, more transportation. That is the wealth out of which comes the income of our country, which provides the people with their livelihood. The position we are in at the present time is that employers of labour, industrialists, commercial people, financiers, are frightened to death that they may expand their production capacity beyond what can be consumed under our present profit system. On the other hand, the working people are afraid that if they work too hard they will produce too much so that factories will close and there will be unemployment. That is the position in Canada today; that is the position across the line today. Until we assure people that the more they produce, the better off they will be, the happier they will be, the more prosperous they will be, we shall not get anywhere; and we cannot assure our people as long as we leave the production of wealth in the hands of people who are operating industry, not because they are interested in the things produced, but because they are interested in the profit made in the process of production.

I do not suppose there is any use in urging the minister to raise exemption levels, but I do not believe any hon. member will say that a single man can live decently on less than $1,000 a year and prepare himself for the future. If he is an ordinary single man he is only single until he can get himself a better position so that he can marry and bring up a family. Would anyone say today that a married man who is receiving less than $2,000 a year can bring up a family decently, provide them with the healthful living, give them an education which will afford them an opportunity to succeed in the community? No, no one would say that. Then, if we cannot say that, where is the logic in taxing people with incomes of only $750 for a single person and $1,500 for a married person? What is the basis for it? The basis, so far as I can see, is that if the government do not tax these low incomes they will have to take more from the people who get more. So that, in order that they will not have to take more from the people who get more, they gouge more out of the people who already get less than what is needed for a decent living.

Mr. KUHL: Mr. Chairman, I do not know how far I would be in order if I were to discuss at this stage of the proceedings the fundamental principles of economics. But I am very much intrigued by some of the arguments which have been made. So far as having light, or being in the dark is concerned, I beg to suggest that I think all three

hon. members who have spoken are in the dark. Of course everyone who speaks thinks he is in the light, and everyone else is in the dark.

Mr. HANSELL: Let the blessed sunshine in.

Mr. KUHL: All we can do is to continue working, and to have the best man win.

Mr. KNIGHT: You are away above the clouds.

Mr. KUHL: At least I have that advantage.

An hon. MEMBER: He has his feet on the ground, though.

Mr. HANSELL: He is closer to the sun.

Mr. KUHL: We seem to have come to this position, where the Minister of Finance and the hon. member for Vancouver South have ended at a point where the only source of money they can see today is that which comes from the taxes they can extract from the people of Canada. That seems to be the only source of funds they can see.

For the last ten years or more we in this corner of the house, without contradiction or refutation by any hon. member, have stated that when a government takes upon itself the power of taxation, or when anyone advocates a policy of taxation to divert part of the national production of the public service, it is not distributing the whole of national production by doing so. In other words I mean that the government assumes, as a fundamental basis, that money and goods are always one and the same thing, and that therefore the only means whereby one can divert part of the national service is to tax somebody, whether it be the poor or the rich, or all of them.

We have challenged that premise again and again, and I do so now. I suggest to the minister that it is possible to reduce taxation and to increase services. Perhaps that sounds like an impossibility, and of course it is impossible under the orthodox policy of finance. But I suggest that there is a policy whereby services can be increased and taxation reduced.

Mr. ABBOTT: I rise to a point of order. My hon. friend prefaced his remarks by saying that he did not think he was in order, and I must say I do not think he is.

Mr. HANSELL: He wondered whether the previous speaker was.

Mr. ABBOTT: I did not interrupt, because it arose out of my attempt to answer earlier this afternoon the argument that the income tax exemptions were too low. That, admittedly, was relevant to a section which deals with rates of personal income tax. However I had hoped that the committee would not go too far afield, in discussing economic questions. I was drawn into it by being asked to make a forecast on tax policy, which I was not prepared to do.

Mr. KNOWLES: It was the word "phony" that started it.

Mr. KUHL: I do not intend to pursue it farther, but I did think the point should be made, inasmuch as others had represented their views.

Mr. ABBOTT: That is why I did not interrupt my hon. friend. I thought he was stating his point, and I was content to wait until he had finished.

Mr. KUHL: But I do wish to agree with those who suggest that there should be a basic minimum standard of living below which there should be no tax levies. It may be a matter of opinion as to what that basic minimum should be; but, as I said in my budget speech, I felt that at least every family of four should enjoy a tax-free income of $4,000. The Minister of Finance stated that the standard of living was limited only by the production of the country. Well, we have always ranted and raved about this being one of the richest countries in the world. If that is actually so, I cannot see why every family of four should not be more than able to enjoy an income of $4,000 or thereabouts, tax-free. Certainly this country is capable of producing that amount of goods and services.

So far as taxes are concerned, I have already said that can be taken care of in another way. I suggest again that it is possible to increase public services and, at the same time, to reduce taxation. The present economy is based upon the false premise that money equals goods. I suggest that it does not. Therefore it is legitimate for the government, through its own financial institution, to finance a great deal of government services of its own creation, and to issue its own money. To the extent that that can be done, taxation can be avoided.

I suggest that the government would do well to explore the limits of this field, because it will not be long before it will be up against it, so far as finances are concerned. There is no other way I can see than that of accepting some of the suggestions which have originated in this corner of the house.

Mr. LOW: I think the minister pointed out that he expected on the new level of income tax rates the income tax would yield, for a full year, something over $400 million.

Mr. ABBOTT: That was the estimate I gave, yes.

Mr. LOW: Is that not about equal to the amount of money the government is paying each year by way of interest on its national debt?

Mr. ABBOTT: A little less, I should think.

Mr. LOW: I am not going to take time now, but I suggest that the minister should look into the proposition we have offered time and again. If he were to do so he could save the major portion of the interest he is now paying out on the national debt; if he will just approach public financing with a little new vision, which I am sure he will have after he has been here for a year or two. But he will not have it after he has been here for five or six years, because by that time ideas crystallize along the old orthodox lines.

I suggest that he look into what we have offered, because I am satisfied that if he approaches financing this Canada by the use of national money through the Bank of Canada we have here, he can apply most, if not all of that $400 million of interest he is paying on a huge national debt, to a reduction of income tax, and he will not have to soak anyone on any level of taxation.

I would point out to him that when he begins relieving the burden of income tax of the people of this country he will find that, rich and poor alike, they will give him a lot more production. This country is today labouring under a heavy load of taxation. I have on my file dozens of letters from farmers who say, "If you will just get us a decent reduction of income tax we will produce hogs for you to fill your quotas; we will produce wheat, and other things you require". I believe if the minister will look into this process of using national money and getting that debt paid off, as he can get it paid off, and have the use of the interest, which is now being paid over to coupon clippers, for the reduction of taxes, he will be surprised at what this country will do.

Mrs. STRUM: I want to take this opportunity to urge the minister to include the cost of drugs as a medical exemption. Medication is becoming increasingly important in the treatment of disease, and almost every week we are introduced to some new costly and expensive drug which is capable of saving life. In its income tax exemptions the government assumes that an individual can carry four per cent of the cost of medical care in certain categories without an income tax exemption, and then the exemption applies to anything over four per cent. A man earning $2,000 is assumed to be able to carry $80 of medical expenses without exemption. On a $200 hospital bill he would have an exemption of $120. But that just includes the cost of the doctor, the nurse and the hospital. He may have expenses for X-rays and—

Mr. ABBOTT: X-rays are covered.

Mrs. STRUM: I am glad to hear they are, but there are many other incidental costs that are not listed. I have a letter from a person who tells me that he has to buy a very expensive drug for his wife. Surgery may occur only once in a lifetime, in an emergency, but drugs such as are mentioned by this man are taken day after day as long as life lasts. In his case it takes twenty-eight per cent of his earnings.

Mr. McCANN: What is it?

Mrs. STRUM: Prostigmine. It is a new drug used for intestinal activation; it is not yet in the dictionaries. I should like the minister to give consideration to including these drugs which are essential to life. I do not think we need to worry that people will include tooth paste and lysol and a lot of things as drugs. I think they could be prescribed by doctors and a listing obtained in the same way that hospital bills and surgery costs are listed. The cost of these things is a heavy burden and handicap on many people, and I should like the minister to give consideration to this suggestion.

Mr. BLACKMORE: Before the resolution carries, I think there are some matters which it would be well to mention for the welfare of our C.C.F. friends and I do it in an absolutely kindly way. They do a lot of talking about things about which they know too little. I should like to refer first to the remarks of the hon. member for Mackenzie. We are in an age of very dangerous thinking. There is a tendency in Great Britain and other places to fall off in production. People there seem to be at their wits' ends to know how to get production in coal and other things which they used to be able to get. There is a reason for all that. Somehow motivation has been destroyed in those countries.

Surely intelligent people in Canada—and Canadians are intelligent—do not want to run into such difficulties. May I refer to the remarks of the hon. member for Mackenzie. There comes to my mind a story of the time when the bolsheviks first took over Russia. They went into a certain city, and in a factory there they found a man who was employed at $20,000 a year. They took that man out and liquidated him because he was getting too much money.

The DEPUTY CHAIRMAN: I would ask the hon. member to try to deal with the section under consideration, section 3.

Mr. BLACKMORE: I do not understand why you did not call the hon. member for Mackenzie to order when he was talking as he was. Surely, if a man makes a remark in this chamber we should be permitted to level out matters in some way. I have noticed how one man will be able to present an argument without fault being found and then, when some one else tries to answer it, he is called to order.

I just want to say one thing with regard to this. That man who was getting $20,000 was liquidated, but the next year they were advertising in the markets of Europe for a man at $200.000 to take his place.

There is one thing our C.C.F. friends do not seem to be able to get through their minds. If a nation needs high class men in high places in production it must be ready to motivate those men; otherwise, as the minister says, it will not be very long until they will have no men like that, and will not have the incomes to tax.

I should like to make just one remark with regard to what was said by the hon. member for Vancouver East. His remarks were excellent right up to a point, and then he advocated that if the government took over production we would solve the problems of money and distribution. The hon. member would have to make half a dozen long speeches in order to support that stand. Let us take the railroad situation as an example. Has the taking over of the Canadian National Railways by the government added to the money available in the hands of the people to increase their purchasing power? Would the taking over of the coal industry in Canada add to the purchasing power in the hands of the people?

Mr. MacINNIS: The hon. member is asking if the taking over of the Canadian National Railways added anything to the amount of money in Canada with which to run the railroad. I do not suppose it did, but I want to tell the hon. member that by taking over the Canadian National we have in Canada a railway system which we would not have had if the government had not taken it over.

Mr. HACKETT: That is real wealth.

Mr. BLACKMORE: That is just the kind of thing I had hoped the hon. member for Vancouver East would say. Just two or three minutes before, he was pointing out the fact that the producers in Canada and United States were in desperate alarm lest they have too much production. Those producers are private owners! How can the hon. member get any sense out of his stand?

We can get the production we need in Canada if we only motivate private producers. What we need is a financial system able to distribute our production at fair prices.

Resolution 3 agreed to.

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 we had passed resolution 3. We are now dealing with resolution 4.

4. That for the 1947 and subsequent taxation years the deduction from income of an individual allowed in respect of persons supported by or dependent on him be allowed without regard to the country of residence of such persons.

Mr. ABBOTT: Perhaps I had better make the usual explanation. The present law does not allow a man to claim an exemption for his wife unless she is resident "in any part of His Majesty's dominions or in a country contiguous to Canada, or, residing elsewhere, was a subject or citizen of a country associated or allied with Canada in the conduct of the war that commenced in September, 1939, and was prevented by reason of such war, or prohibited by law, from entering or landing in Canada."

It is believed that a married resident of Canada should be allowed this status for tax purposes, regardless of where his wife resides, if he can properly establish the fact that he is supporting her. The same rule will apply with respect to children and other dependents.

Resolution agreed to.

5. That the provisions allowing deductions from tax to taxpayers engaged in

(a) exploring and drilling for natural gas or oil,

(b) the production, refining or marketing of petroleum or petroleum products, or

(c) mining or exploring for minerals,

the effect of which is equivalent to a deduction from income of the whole of certain expenses in respect of 1947 operations, be amended to provide that such expenses in respect of 1948 operations may be deducted from income and that, in the case of such expenses in respect of 1948 operations in respect of deep test oil wells an additional deduction from tax be allowed of an amount that, together with the deductions from income, will correspond to the deduction from tax allowed in respect of 1947 operations and that the amended provisons relating to expenditures on deep test oil wells apply in respect of

the 1947 and 1948 taxation years to expenditures on groups of wells drilled to locate stratigraphic traps.

Mr. ABBOTT: I shall give a brief explanation. Then I expect that some hon members will have some questions to ask. The general purpose of this resolution is to extend, for the calendar year 1948, the wartime tax concessions allowed to oil, gas and mining operators. The special provision relating to deep-test oil wells has been broadened slightly to allow these benefits to those who will undertake extensive expenditure to locate stratigraphic traps. Hon. members who are experts in the field of geology will understand what this means.

The form in which these tax concessions will be given for 1948 will be changed as a result of the absence of the excess profits tax. In future the expenditure will be allowed as a write-off out of income rather than in the form of a tax credit appropriate to the prevailing tax rate. It is necessary, however, to continue a tax credit for deep-test wells over and above the write-off provision.

Mr. MERRITT: On this resolution I wish to refer to the repeal last year of section 8, subsection 5 of the Income War Tax Act, which allowed a deduction from tax of forty per cent of the contributions to prospecting syndicates prospecting for base metals and strategic minerals. As I say, that subsection was repealed last year. I wish to urge the minister to restore the provision and expand it. I suggest to him particularly that he expand its scope from base metals and strategic minerals to include all minerals and metals and more particularly gold. Second, I suggest to him that when he restores it he should remove the limitation of the section in two other ways. At the present time it is limited to partnerships. An individual grubstaking a prospector cannot take advantage of the provision which was in the act. There was also a limitation of $500 on the contribution which could be made to any one prospecting syndicate.

The minister and the committee know more than I of the value to the Canadian economy in having a high production of gold. He knows the difficulty under which the gold mining industry is suffering at present. Just recently the government announced an immigration policy, which, if it is to have any practical effect in line with the promises which it contained, will require a tremendous development to the north of our settled areas. Any such development would have to be primarily based upon the development of mines in the area. Once the mines are established, the other settlements that follow come in.

One of the great advantages of the restoration of this section would be that it would popularize our mining industry among individuals who are not engaged solely in the business of mining. At present a mining company gets, under the resolution the minister is proposing, some tax concession for exploration expenses, but those engaged in the industry are not so greatly in need of concessions to interest them in it as are individuals, businessmen, doctors, lawyers and private citizens who might, as a side issue, wish to offer help in the grubstaking of miners.

Briefly I should like to refer the minister to an article that appeared in the *Saturday Evening Post* of May 17, 1947, by Averell Harriman, Secretary of Commerce of the United States. He points this out in a long article which has an arresting title, and one which I think will hearten everyone in the house on another subject. Speaking to his own people in the United States, he heads the article, "We must import to live." He goes on to cite many examples of shortages in important industrial metals which have arisen in the United States owing to the tremendous drain they have put upon them. He says that the United States have to look outside their own boundaries for the supply of metals and minerals. If there is anything in what the Secretary of Commerce of the United States says, there should be a great future for new development of our mining industry in Canada if only to supply the increased market that he foresees by reason of their becoming a "have-not" nation in respect of minerals, instead of a "have" nation as they have been up to the present time. These reasons will commend themselves to the minister, and I am sure he knows them now. I just mention them in passing.

I want to turn to a particular reason I am suggesting why this provision, which stood for several years during the war, should be reintroduced. I have had correspondence from the British Columbia and Yukon Chamber of Mines, from the manager of the organization, Mr. Woodside, who is a man of more than fifty years' experience in mining in Canada and who has for the past twenty-nine years conducted a prospectors school in the winter in Vancouver. The number in the last class this winter was 150. I should think his opinion would be a valued one as to conditions in British Columbia. He says that this provision, to his personal knowledge, during the war was particularly useful in stimulating the

contribution of money for grubstaking prospectors in British Columbia. He also says that it has been more useful in British Columbia, perhaps, than in other parts of Canada for two important reasons. First of all, the cost of prospecting in British Columbia is very high because of the difficult terrain and the difficult transportation conditions. I have three examples which may be of interest to the minister. In one area one prospector went out this year and his grubstake was $2,000. In another area not far away on the map two required $6,000 for their season's financing.

In the Yukon, which is, of course, just north of British Columbia, another party of two needed $16,000 for the supply of equipment and other expenses before they were able to go into the field. I understand that these conditions do not obtain to the same extent in eastern Canada. Second, prospecting in British Columbia is not done primarily by mining companies which already are provided for in the present regulations. In British Columbia, perhaps because we have not as big a money market as there is in Toronto, more than half the prospecting is done by individual prospectors who have to raise their own money and are not on salary from mining companies. That is another reason why this provision was particularly useful out in the west. I suggest to the minister that what is being done for an incorporated company might well be done for the partnership or individual who grubstakes a prospector in Canada and my specific suggestions to him are these:

1. That he restore the principle of the old section.

2. That he extend it to all mines and metals, including gold, and not restrict it, as it was during the war, to base metals and strategic minerals.

3. That he include not only partnerships but individuals who may grubstake prospectors by themselves. I do not see any tremendous difference between three or four men doing it and one man doing it.

4. That he raise the limit of the contribution for any single operation. It was, as I understand, a total of $5,000, with a limit of $500 on any individual contribution, and I suggest that perhaps he keep the limit of $5,000 and raise the $500 limit. I will not name the figure because I am not as competent as the officials to judge in that regard.

5. I suggest, finally, that he give consideration to helping the prospector who grubstakes himself by working in the winter in the mines or in some industrial employment in Vancouver, using the money he earns in the winter to go into the field during the summer.

I am aware of some administrative difficulties that would arise in the latter case, but very likely a scheme could be worked out if the principle were established.

Mr. ABBOTT: This exemption was a most unusual and exceptional one which was allowed during war time to stimulate the search for strategic minerals. At the time it was put in it was asserted that prospectors might not be willing to go out and search for this particular type of mineral unless they were financed, and I suppose that is natural. The provision was put in the law, therefore, whereby an individual who contributed to one of these prospecting associations, syndicates or mining partnerships, registered or otherwise recognized under the laws of any province or territory of Canada, organized for the purpose of prospecting for minerals, could deduct his contribution from his taxable income in the same way as he could deduct a contribution made to a hospital or a charitable organization. I am informed that it actually took the form of a tax credit. That was an exceptional provision, and it was felt that it was not one that should be retained in the permanent tax structure. I have voiced the view in this house on other occasions that I had serious doubts myself as to the wisdom of this particular form of tax concession. I thought it was so exceptional that it should not be maintained longer than the period for which it had been put in, namely the war, and it was dropped at the end of 1945. I am sure I would not feel justified in reinstating it at this time. Any encouragement that may be needed for prospecting for minerals, whether base metals or gold mining, should be given in some other form than this special form of tax credit or deduction.

Mr. GREEN: What form of assistance is there?

Mr. ABBOTT: I should think the ordinary incentive that exists in the case of any other businessman who goes out and looks for something he thinks is profitable. Frankly, I have a constitutional objection to setting up special classes of tax exemptions, and this is one that did not apply to any special type of enterprise. It was put in because it was asserted during the war that perhaps prospectors would not look for these minerals, which were badly needed, unless there was this inducement to investors to grubstake them. I think the investor who is now prepared to grubstake a prospector must accept the same tax position as any other investor.

Mr. MERRITT: I tried to anticipate the minister's known feelings on both these points. First of all, I did try to indicate that there was perhaps some continuing need in Canada on other than war grounds for stimulating the interest of the people generally in prospecting, and for seeing to it that prospectors did get out. Second, I knew his often expressed view that there should be as few exceptions from a tax as possible. I am not asking the minister to make any exception from the tax or to allow any tax credit which he is not already allowing under clause 5, as I understand it. If a company can get some relief because it is in the mining business—and I thoroughly approve that—I see no reason why an individual or partnership should not have, not greater, but similar relief. I do not ask that it be in the form of a tax credit, for instance.

Mr. ABBOTT: Yes, but it is the business of the mining company to search for minerals and get them. The tax relief here is to you or me or any other citizen who may want to take a chance and invest a few hundred dollars in a prospecting syndicate. I have voiced the view before—and I still hold it—that this particular tax concession lent itself to the sale of stock in those prospecting syndicates about as much as it did to giving persons an incentive to go out and look for the minerals. It is completely different from the tax concessions given mining companies and oil companies actually engaged in the business of searching for and producing minerals. This is a concession that was given to anyone who wanted to put up a few dollars in a prospecting syndicate, which might be nothing but a syndicate organized by a stock promoter to go out and pound a few rocks or cut a few trails to see if he could find minerals. Probably it was justified in war time, but I have held the view very strongly—and I still hold it—that it is not the type of concession that can be justified in peace time under normal conditions. It was dropped at the end of 1945 and I do not think it should be continued.

Mr. MERRITT: One more word, then. There is no reason that I can see why the principle to which the minister has referred should be so rigidly applied as to stop one class of persons engaged in mining from enjoying the same benefits as another class.

Mr. ABBOTT: It does not.

Mr. MERRITT: The mere fact that it is the business of the mining company engaged in exploration—it is their principal business—cannot be of as much importance as the need which I think exists, and of which I do not think there is any doubt, what we should promote the development of one of our chief natural resources. When the minister talks about administrative difficulties in working out one of these provisions, I must say I am not at all impressed. For instance, there are, I understand, provisions in the mining legislation for the issuance of prospectors identification cards. There are many ways, I feel sure, in which anyone who had adopted the principle could get over any of the administrative difficulties which surround it.

Mr. ABBOTT: I am not pleading administrative difficulties at all. I say that the concession is objectionable on other grounds.

Mr. MERRITT: The minister referred to the possibility that the provision might be used to promote the sale of shares in a syndicate rather than to do prospecting.

Mr. ABBOTT: Of course it could be.

Mr. MERRITT: I call that an administrative difficulty, and one which the minister could get around.

Mr. ABBOTT: Any mining syndicate or exploration syndicate which is registered as such can go out, sell stock and get contributions from individuals. If it does that, those individuals in a mining syndicate or in an exploration syndicate can claim tax credit on their personal income tax. That mining and exploration syndicate may not be so much interested in finding minerals as it is in selling stock. It might perfectly legally set itself up as an exploration syndicate and send some prospectors out into the bush to look for minerals, but its main purpose may very well be to sell stock to the public; and the public, with the inducement of getting something off their personal income tax, will buy the stock. There is no way in which the Department of National Revenue can check on an enterprise of that kind. I know that. I again repeat that I think this special and unusual type of incentive tax concession is not justified under peacetime conditions.

Mr. LITTLE: I should like to correct one statement which the Minister of Finance made with regard to mining companies going out and getting these claims. In my experience—and I have been in the north for a long time—you would not have had any mines at all if it had been left to the mining companies to stake these mines. It has been the prospectors and syndicates such as those which the hon. member spoke about, that found those mines in the early days.

Mr. ABBOTT: I did not say the mining companies were sending them out. My hon.

friend was raising the question whether they should get some tax concession. I do not want it to be understood for one moment that I am casting any reflection on the value or utility of the mining prospector. I agree with the hon. member for Timiskaming that, without these prospectors who go into the bush and find the mines, we would not have any mines. The only point I am making is that in peace time a man who is not a mining prospector should not get any special tax concession for grubstaking. That is my only point.

Mr. LENNARD: I merely rise to support the hon. member who has just spoken. I may say that he has taken the words out of my mouth. I am not interested in syndicates, but I am interested in the old-time prospector who went out and gave everything he had. I might remind the minister that, of the older, successful mines in Canada, I will guarantee that everyone was found by one of the honest-to-goodness prospectors who was grubstaked.

Mr. ABBOTT: But the honest-to-goodness individual prospector got no benefit out of this particular thing.

Mr. LENNARD: He should get everything there is to get.

Some hon. MEMBERS: Carried.

Mr. LENNARD: Somebody said "carried." This session I have not taken up more than five minutes of the time of the house, and by those people to the left of me who said "carried" I want it to be understood that I do not talk by the hour; when I have something to say it takes me only one or two minutes to say it.

An hon. MEMBER: You have not said anything yet.

Mr. LENNARD: One more thing I should like to remind the minister of is that some of these small prospectors must receive some encouragement, because today they are not going into the bush in our northern country. Something must be done to encourage that individual effort which is necessary to make our mining industry the success it should be.

Mr. GREEN: Has the minister given consideration to making that help available in the case of an individual prospector rather than a prospecting syndicate? Would that not get around the difficulty he mentioned of a possible sale of stock?

There is one other point. In British Columbia, at least, the provincial mines department officials, gold commissioners and mining recorders across the province are in a position to check carefully on any of these prospectors. It would be a simple matter to prevent any money from being taken for the wrong purpose. I feel confident that, in that province—and probably in Ontario and any other provinces where there is extensive mining development—great help can be obtained from the provincial department in carrying out some such provision. It is really tragic that there are so few men going into the hills to prospect. These metals are of the utmost value to Canada, particularly with our trade situation, in so far as the United States is concerned, in such a serious position. I hope the minister will not just say "no" tonight without giving the matter further consideration. He can say "no" when the bill comes down, but tonight he said "no" at once without hearing the case; and I think there was a good case here for consideration.

Mr. ABBOTT: Let me answer that right now. I am not saying "no" without consideration. In the first place, this tax credit is not now in force. It lapsed over a year ago. That is the position. I am not proposing to reintroduce it. The hon. member for Vancouver-Burrard has brought forward the suggestion that a tax which was in force during the war be now reinstated.

Mr. GREEN: Not a tax; a concession.

Mr. ABBOTT: That a tax concession which was given during the war be now reinstated. I have given reasons why I do not think we are justified in doing that. There is a good deal of confused thinking about the type of concession which is being sought. The hon. member for Vancouver South suggests that we consider giving this to the individual prospector.

Mr. GREEN: I said in the case of the individual prospector doing prospecting rather than a syndicate.

Mr. ABBOTT: All right. I want to deal with that. Let us see how we would give it to the individual prospector. The individual prospector is not taxed on his findings.

Mr. GREEN: I did not say to give it to him. I said to the person who grubstakes the individual prospector.

Mr. ABBOTT: That was the old system. That is exactly the old system which was in force for three or four years.

Mr. GREEN: You gave it to the syndicate.

Mr. ABBOTT: We gave it to the syndicate. And I explained at length either two or three years ago why we felt it was not practical,

desirable or fair to give it to the individual prospector. I do not like to use the words "administrative difficulties", but there are serious administrative difficulties and there is a serious danger of fraud and evasion if you are dealing with large numbers of individuals. The question of this tax concession to a prospecting syndicate was discussed at some length in the house every time the tax concession came up for renewal, because it was a concession which was renewed every year. As I say, it was allowed to lapse at the end of the 1945 period. I tried to show why I think it is not a special tax concession which should form part of our permanent tax structure. Nothing which has been put forward here tonight has caused me to change my views. This is not a new thing to me. I considered this year after year when I was parliamentary assistant to my predecessor, and I am thoroughly familiar with this type of tax concession. I have tried to show why I personally felt that it was not a particularly desirable type. Of course I may be wrong in that, but I have voiced those views in this house before, why I had objections to this type of concession as such, and I still hold them. There is no use in my trying to say that I will give this matter further consideration and look at it before the bill comes in, because I do not think it is a concession which should be in the bill. So there is no use in my trying to fool the committee by just fobbing it off. I do not think it is a tax concession which should be in our income tax law. Perhaps someone else may think differently, but I do not.

Mr. MACDONNELL (Muskoka-Ontario): I had no intention of speaking on this matter because I know very little about it; but two things the minister has said prompt me to mention two things and to ask him a question. It seems to me that the important question is whether or not we think we are, under our present laws, getting the utmost exploration and the utmost bringing in of new minerals. It does not seem to me to be important whether we are in peace time or war time. The question is whether we feel we are getting what we should get.

The second thing is, it seemed to me that the minister confused the issue by raising this question of stock sales. I am no more fond of stock promotions than hon. gentlemen to my left; they have no monopoly on a dislike for that kind of thing. But I want to suggest that I believe there are efficient organizations in the provinces trying to stop that kind of thing, and personally I should not have thought that was a conclusive reason. I am not offering any suggestions; I am not asking the minister to restore the tax. I merely say it seems to me that the important thing is whether we are to get the maximum amount of work done to bring new mines into production.

Mr. ABBOTT: That is, I agree, the important thing.

Mr. GREEN: That is the underlying feature.

Mr. ABBOTT: That is right. I do not think we should, but perhaps we ought to subsidize the prospectors who go into the bush. Then perhaps the provinces, which derive large revenues from the development of mines, should take some steps to encourage prospecting. My point is that this type of tax concession to individuals, not to the prospector himself, but to individual investors who are willing to gamble four or five hundred dollars in a prospecting syndicate, should not be given special tax concessions. I say they should not get that tax concession in peace time. I am repeating myself a great many times, but that is a view I have held for a long time.

Mr. HARKNESS: Perhaps I had better make it clear at the start that I am interested only in paragraphs (a) and (b) of this resolution, dealing with oil and natural gas, on which the minister made a brief statement when we first considered this resolution. It seems to me that the whole tax picture as far as the oil industry is concerned is needlessly confused; and I am sorry to say that, as far as I am concerned, the statement made by the minister this evening has only added to the opaqueness, or perhaps I should say the opacity, of that picture. At any rate I am just a little more confused than ever.

In addition to the general confusion that exists as far as the taxation of the oil industry is concerned, there is also the point that the taxes on that industry, or the concessions from taxes, are on a year to year basis, which makes it extraordinarily difficult for the oil operator to plan his future operations or to know where he stands. As an example, the exemption from duty of pipe and oil drilling equipment is provided at the present time under the omnibus bill and will continue until that bill expires. What will happen in connection with the duty on pipe and other oil drilling equipment after the omnibus bill ceases to have effect, nobody knows; and of course it is a matter of extreme interest to oil operators as to what the situation will be.

I have several questions, I am sorry to say, that I should like to ask the minister. The first is whether he is prepared to make any statement as to what the situation will be as far as duty is concerned on pipe and oil drill-

ing equipment, as to whether the government have given that matter any consideration, and whether or not they are willing to make the present tariff concessions part of the regular tariff schedules. I must say I brought up this matter when the omnibus bill was being discussed. I thought that was the proper time for it, but I was ruled out of order and referred to the budget, and as a result I am bringing it up at this time. In that connection I should like from the minister, if possible, a statement as to whether or not a particular piece of equipment known as a heater treater can or will be included among the particular articles of oil drilling equipment that are exempt from duty at the present time.

The oil picture in Alberta is much brighter now than it was this time a year ago. During 1946 I think in the neighbourhood of 190 oil wells were drilled in Alberta, of which some fifty were producers. In 1947 a more active drilling programme has been in progress, owing to quite a considerable extent to the fact that the price of crude oil has been allowed to rise, following the removal of subsidies, by an amount equal to the subsidy which was withdrawn. Quite a number of wells have been brought into production in the plains area of Alberta and Saskatchewan, particularly in the Lloydminster area. More important than that, however, is the fact that a new field of high grade oil, at a fairly reasonable depth of something between five and six thousand feet, has been brought into production at Leduc, where there are three producing wells at the present time. From present indications it seems that we have at Leduc in Alberta another oil field comparable with the Turner valley and, we hope, exceeding it.

All this progress, however, has not removed the need for more incentive to encourage drilling. I think it is quite apparent to everyone that the finding of large oil fields would have several beneficial results as far as Canada is concerned. In the first place, it would bring down the cost of oil and oil derivatives such as gasoline and so forth, in which nearly all our citizens are interested. In addition, it would materially ease our foreign exchange difficulties as far as United States funds are concerned, because one of the chief causes of our loss of foreign exchange is the amount of oil we have to import. As a matter of fact, a fair number of reasonable oil fields would also do away with the difficulty the Minister of Reconstruction and Supply spoke of the day before yesterday, as far as the shortage of fuel oil is concerned.

Without going into that point farther, as I say I think it is quite clear that the discovery of oil fields in Canada is a matter of major importance to the country. The fact that we do not have more oil fields than at present is, at least to a large extent, due to the taxation and other policies which have been pursued by the present government. In other words, the tax structure has not been such as to encourage the drilling of oil wells, and more incentive along that line is still needed.

I should like to refer to the tax concessions which I suggested last year, and which have been suggested by the oil men for a considerable time, and to ask the minister what consideration has been given to these suggestions during the past year and why no action has been taken on them. First, it was requested that the fifty per cent tax drawback or deduction for deep-test wells be extended to apply to wells drilled in the plains areas. As far as I know, nothing has been done in that regard, and I should like the minister to say why nothing has been done and why that very reasonable request has not been accepted. The second request was for a greater depletion allowance. Last year and the previous year that allowance was 33⅓ per cent. In the United States, oil operators are given a depletion allowance of up to fifty per cent and, furthermore, they can carry it forward or backward. In a year when they have no net income they can save the depletion allowance on the oil produced and use it in a future year; or if their tax arrears have not been settled they can carry the allowance back. It seems to me that if we are properly to encourage the drilling of oil wells a depletion allowance at least equal to that received by our chief competitors immediately to the south, in the United States, should be allowed to our own oil operators.

Third, the request was that all drilling expenses including costs of permits and leasing, geological and geophysical exploration, and all that sort of thing be allowed as tax deductions. The fourth request was that all concessions at present allowed should be included in the permanent tax structure, so that operators would know where they stand and be able to make plans for the future.

I have a few more remarks to make on another related subject, namely in connection with natural gas, but I should like to have the minister answer these questions first.

Mr. SMITH (Calgary West): Before the minister speaks, may I add a few words?

Mr. ABBOTT: Yes, if in the meantime I do not lose track of the questions asked by the hon. member for Calgary East.

Mr. SMITH (Calgary West): Perhaps I had better wait, then.

Mr. ABBOTT: Oh, no, I believe I shall remember them. Proceed.

Mr. SMITH (Calgary West): What I shall say will be along the same lines as those followed by the hon. member for Calgary East. What I say is not so much by way of complaint, as to urge that I do not think the taxing authorities have ever had a complete and sufficient knowledge of our problem out there.

There is no doubt whatever about the importance of oil in our economy. I am sure no one would deny that, for a moment; and if we can but increase that production we shall have gone a long way. The Turner valley, our one large field, is on the downgrade, although last year it produced seven or eight million barrels; and those were 40-gallon barrels. After all, that is a lot of oil; and it is of high quality, about 40 gravity.

We have had a most intensive search and many wells have been drilled. They are seeking there, not only to continue development in the foothills, but to find oil in the plains area comparable, we will say, with the immense supply in the state of Texas. That drilling is much shallower.

For instance, today to drill a well in the Turner valley will cost at least $200,000. Wells at present being drilled are being drilled at a cost of anywhere from $25,000 up to roughly $60,000, as in the case of the Leduc field, which has been mentioned. That is exclusive of the production equipment.

It is fortunate that the Imperial Oil Company have discovered what appears to be a new field, in which they have drilled three wells. It is most unusual, but we find that all are excellent producing wells. Number two blew in during the course of the present week. But, as I have said, they have had three out of three. They can be drilled for roughly $60,000 each. That area is held largely by the bigger companies; none of the smaller independent companies are in there. They may have a half-section, but the greater part of the ground is held by these larger companies.

What is the tax position? Remember, we are dealing with something that is called an income tax. I am leaving out for the moment the concession on marginal wells or deep-test wells, to which reference has been made. We will put it this way, and say that a group of members in the House of Commons have formed a company and subscribed $200,000. We take that money and drill an oil well, and from it we get back the $200,000. Things are going very well, so we say, "We will certainly begin to drill another one." We drill another one and it is a duster—a dry well. The $200,000 we got out of the first well is taxed. We have lost it in the second well; and yet we have paid tax on income for the whole of that $200,000, less depletion allowance.

I hope the minister will correct me if I make a single mistake in what I am saying. Remember, I have said that I am disregarding depletion allowances at certain percentages, and I am not talking about deep-test wells, although I shall, later on.

So, we in the House of Commons who have formed the company have spent the $200,000 and we have got it back. Then we have put it into another well, but we have not got a cent from it. But we have had to pay income tax on that first $200,000.

Mr. ABBOTT: I do not wish to interrupt the hon. member, but so that I may have it clear in my mind, may I ask how he could put the $200,000 into another well if he paid income tax on it when it came out of the first one?

Mr. SMITH (Calgary West): Let me put it this way. We naturally would put it in there before our income tax became payable, and then we simply owe you the income tax. In other words, we are not only busted; we are doubly busted, because we have nothing left with which to pay you.

Mr. ABBOTT: So we do not get it.

Mr. SMITH (Calgary West): Well, I will tell you that directors have certain responsibilities.

Mr. ABBOTT: Not for that, though.

Mr. SMITH (Calgary West): Whether you get it or not, I am just speaking about the industry, and what takes place in it.

Let me add something to what was said a minute ago by the hon. member for Timiskaming. In western Canada until the other day, or at least until a few months ago at Leduc, no large company ever made a discovery of oil. Imperial Oil Company have made one now, and I hope they make a lot of money out of it, because that company alone has spent over $20 million in exploration, largely in Alberta, and some in Saskatchewan. Even though they are a big company disliked by hon. members to my left, I at least sincerely hope that they get back their $20 million which they have already put into dry holes.

Mr. CASTLEDEN: How much have they got back?

Mr. SMITH (Calgary West): I know this, that they have not taken anything back on that exploration fund. The Turner valley, if you will remember, was discovered by an old friend of mine named Bob Brown. They went in there and bought and bought and bought. Their explorations—and that is not just tapping of known fields—in other places have cost them at least $20 million. I hope they get it back, and a lot more with it, because, after all, that is the way in which countries are developed; it is not done by legislation. Development is accomplished by people taking risk capital and spending it. I hope they get $60 million out of it; or $100 million, as far as that goes.

Mr. HARKNESS: The government will get the most of it, anyway.

Mr. ABBOTT: Only thirty per cent.

Mr. SMITH (Calgary West): I thought you and I were friends.

Mr. KNOWLES: Well, let me say—

Mr. SMITH (Calgary West): Dave Lewis has broken his typewriter, so that these long written speeches are not here. Let me finish mine.

Mr. CASTLEDEN: What is the insinuation?

Mr. SMITH (Calgary West): What do you want?

Mr. CASTLEDEN: Do you mean he writes our speeches with his typewriter?

Mr. CRUICKSHANK: Dave Lewis writes all your speeches.

The DEPUTY CHAIRMAN: Order.

Mr. CASTLEDEN: That's a lie; Dave Lewis does not write our speeches.

Mr. CRUICKSHANK: Who writes them, then?

Mr. CASTLEDEN: We write them ourselves.

Mr. SMITH (Calgary West): After what we call in French—and I do not speak it very well—this little contretemps, probably I can continue. What I was trying to say was—

Mr. IRVINE: Always trying to say it, but he never seems to get at it.

Mr. SMITH (Calgary West): There are a lot of fellows talking into their waistcoats; that is all they can use them for.

The DEPUTY CHAIRMAN: Order. I would ask hon. members to allow the hon. member for Calgary West to proceed without interruption.

[Mr. Castleden.]

Mr. CASTLEDEN: The hon. member should not make insinuations.

Mr. SMITH (Calgary West): If I made an insinuation, I am sorry. I know you are one of the greatest speakers in the world, and I will compliment you and let it go at that.

Mr. IRVINE: That is as great a fib as the other one.

Mr. SMITH (Calgary West): I will not admit that about you; you are about the worst.

Mr. IRVINE: Except yourself; I have not heard anyone worse.

Mr. ZAPLITNY: On a question of privilege.

An hon. MEMBER: Sit down.

Mr. ZAPLITNY: Who said, "Sit down"?

An hon. MEMBER: I did.

Mr. ZAPLITNY: Come over here and try to make me sit down. You are not big enough. The hon. member made an insinuation that some in this group read speeches written by others. I happen to be in this group and I have not yet read a speech in this house. I have not had one written by anyone else and I ask the hon. member to withdraw that remark.

Mr. CRUICKSHANK: A lot of your members have.

The DEPUTY CHAIRMAN: I would ask the hon. member to allow the hon. member or Calgary West to speak.

Mr. SMITH (Calgary West): If I have said anything that offends I withdraw whatever I said or whatever the hon. member thinks I said. I am trying to get along but I am having a little difficulty.

Mr. ABBOTT: I want to learn more about this oil business.

Mr. SMITH (Calgary West): I am trying to deal with the oil business in the province from which I come and from which many hon. members over here come. What has happened? We have a field called Turner valley. You may have read of great productions here, there or elsewhere, and at this great distance Turner valley has been regarded as a small thing. May I say that in itself it is one of the largest fields ever discovered in North America, and I know that will come as a great surprise to some people. The average cost of drilling a well there is about $200,000, and they are now drilling below 10,000 feet at the north end with the cost running $250,000 and higher. Imperial Oil drilled one up

between Edson and Cadomin which cost over a million dollars, and it was a dry hole. They went down 13,000 feet.

What I am trying to show is that the people out there are not fiddling with this thing; they are trying very hard to develop something. I admit they are doing it for profit, that is the incentive; that is the reason they are there. If they make a profit and are able to supply western Canada with oil, then we shall all be infinitely better off. With a production of 8,000,000 odd barrels last year from the one field, they could supply only Alberta and part of Saskatchewan. Before the war, we had advanced as far as Brandon and were able to supply that part of the Manitoba market, but that is not true today. I should like the minister to explain paragraph (c), which reads in part:

. . . and that the amended provisions relating to expenditures on deep-test oil wells apply in respect of the 1947 and 1948 taxation years to expenditures on groups of wells drilled to locate stratigraphic traps.

Do I correctly interpret that as meaning that the same deduction, assistance if you like, which in times gone by was given to deep-test wells, so-called, will now apply to wells drilled on the prairie structures?

Mr. ABBOTT: Not necessarily. If my hon. friend wishes I will explain what is meant by this extension of the provision which existed last year. When it was suggested by the Department of Mines and Resources that the tax concession contained in the section which is now in the act and which is being extended for 1948 should include groups of wells drilled to locate stratigraphic traps I asked them what that was. They have given me an explanation which I shall be obliged to read to the committee because I am not a geologist. Probably it will be entirely clear to those who, like my hon. friend, have a knowledge of oil wells. This is the explanation given me by the Department of Mines and Resources:

The term "deep test" has been restricted so far to an exceptionally deep or costly well proposed to be drilled in potential oil bearing territory to prove or disprove the commercial productivity of a geological horizon on some deeply buried dome, anticline or other significant geological structure. The most probable productive part of such a structure is its summit, and the location of this can generally be determined from a detailed geological examination of the bedrock exposures in the area, from deep holes previously drilled, or from a seismic survey. The possibilities of such a structure can generally be determined from the results of a single deep well.

A "stratigraphic trap" on the other hand, is not a structural dome, but an oil or gas reservoir formed in a porous formation such as sandstone or clastic limestone as a lenticular bed, a pinch-out, or a somewhat similar type of deposit, formed along an ancient buried shore line, or as some deltaic or flood-plain deposit in potential oil bearing territory. The tilting of these strata causes a separation of the gas, oil and water by gravity, with the gas and oil rising to the up-dip side. The escape of these is prevented by the porous horizon being sealed off by an overlapping younger shale or other impervious sedimentary formation which was deposited in an advancing sea. Such porous reservoir sands have been deposited from various sources and are therefore apt to be very erratic, irregular and patchy in distribution, and inconsistent in composition and thickness. The location or outline of such deposits cannot be determined from a geological examination of surface bedrock outcrops or from a seismic survey, nor can this be established from a single drill hole, but only by the drilling of a series of holes, seldom less than six or nine in number. The production from any one hole is apt to be much smaller than that derived from the tapping of a structural high of a potential oil-bearing structure.

I do not pretend to understand the technical significance of that, but I understand that it is the type of exploration where one has to drill a series of holes, not so deep as deep-test holes, because of the particular formation, and it is proposed to extend the special tax concession to that type of test well.

Mr. HARKNESS: How does one know when he is drilling on one of those structures?

Mr. ABBOTT: I do not know. I would have to get another memorandum from the Department of Mines and Resources.

Mr. SMITH (Calgary West): Strange as it may seem, I understand what the minister has just read. However, there is one very great error in that. It says that when you are dealing with a dome, if you hit the top you get the best production. You do not; you get gas and that is all you get. The way oil is laid down in these anticlines is with water at the bottom, the oil next and the gas at the top. What you do is to drill down the edge and cause the pressure of the gas to force the oil up. There is that difference in what the minister has just read.

What I am talking about are areas like the Princess field or the areas around Brooks or Taber, where a comparatively large amount of money has been spent. It is not a question of single holes. Imperial Oil started off with at least a five-well programme and now they have a thirty-well programme. They struck oil in the first hole, but that was just their good luck.

If I understand aright what the minister says, if the company which I have formed in this House of Commons went down to the

Gleichen reserve and started drilling where we thought there was a stratigraphic trap; if we started off with a five-well programme we would be doing exactly what the minister has said. What I am trying to do and what I hope the minister will see is that if we had that sort of thing, then we would receive the same concessions and assistance as is given to deep-test wells.

May I say one thing which is logical and which proves everything that I have been trying to say. We are looking for new oil wells. It does not make any difference if we find one below the other or if we find them side by side. Of course the side by side ones will be at less depth and much more inexpensive than the so-called deep-test wells. In other words, the whole logic of the situation compels me to think—and I have never heard any answer to it—I mentioned this last year, but I have not had any answer that if assistance is to be given in the seeking of new fields, new oil, it should not be perpendicular, that the fields should lie one under another. It seems to me to be infinitely more simple if we find them side by side and at shallower depth.

I was down here long before I became a member of parliament on this same question, and I was well received by Doctor Eaton, Doctor Clark, and some of these splendid gentlemen who belong to the minister's department. I have always felt and I still feel that you have one of the finest geologists in Canada right here in the person of Doctor Hume. His advice is well worth while; he is a splendid gentleman. He has a tremendous number of things to do in a geological way. He has an immense area of country to cover in charge of exploratory parties, and so on. He must cover immense areas of ground, but it does seem to me—and I wish someone would answer this question—that if we are to assist somebody who is looking for oil deep down, we should assist the chap, the company or the corporation who is going to find it at shallower depth. If you have two fields side by side they are just as good as if you had two in the form of one superimposed upon the other with this impervious rock in between. We can talk about these seismic surveys and all these other things. If you are drilling in a place where you think there is a stratigraphic trap you will find that there is only one discoverer of oil, and that is the drill. Everybody in the oil business knows that. You can shoot all the dynamite you like all over the place, but you will find that at depth you quite often get salt water. In that you are lucky sometimes, because usually you get nothing. Oil is found only by the drill. No greater boon could come to Canada than that we should become largely suppliers of our own oil.

Mr. ABBOTT: I shall endeavour to answer some of these questions. I agree that it would be most desirable and helpful to Canada if we could discover additional oil sources, and it is for that reason that this particular tax concession, which has been in the law, was put in and is being continued. As to why it is not extended to other types of exploration, the reason is contained in the section itself. Whether it is an adequate reason is, of course, another matter. But this applies only, in the language of the statute where, under 10 (b):

> The taxpayer could not be reasonably expected to drill the oil well unless permitted to deduct at least fifty per centum of the expenditures in connection therewith from tax.

In other words, this particular type of well is, I understand, a very expensive operation; it runs, as my hon. friend has said, to a million dollars for one well. The other type of well, shallow well, does not cost anything like that amount, and it was felt that for that type of well the prospector, the oil company, the wild-catter would be within his financial means and could be expected to undertake it. This special incentive was given to induce the drilling of these very expensive wells which would otherwise not be undertaken. As the hon. members for Calgary know, the tax credit applies only where the particular project has been approved by the governor in council upon the recommendation of the Minister of Mines and Resources, and that would mean, of course, upon the technical recommendation of the distinguished geologist to whom my hon. friend referred a moment ago.

Mr. HARKNESS: What is the minimum depth allowed for granting the concession?

Mr. ABBOTT: I do not know the answer to that. That is determined by the Department of Mines and Resources and the geologist in that department. The tax concession available in this section is made available upon the recommendation of the minister of that department. What his test is I do not know.

Mr. HARKNESS: There have been some difficulties over that matter. In fact I know of one oil company which is very much disgruntled over the fact that it did not get this concession. It would perhaps make everybody happier if there were some minimum depth which could be announced.

Mr. ABBOTT: Perhaps that may be so, but it is a technical matter on which I, as Minister of Finance by the statute, have to

rely on the advice of my colleague, the Minister of Mines and Resources, which, as I say, means the technical advice of his geologist.

Mr. HARKNESS: It leaves it very much open, of course.

Mr. ABBOTT: Quite so.

Mr. SMITH (Calgary West): May I add one word. I really think the minister is wrong. I know he will not think I am speaking at all critically. We want more help. Suppose you applied this assistance to the shallow wells on the prairie. What is the answer? If we drill a dry hole we do not get anything from the department except a tax concession from moneys we might have invested otherwise. But if we get some oil wells, then the dominion government will make more money by way of taxes than in any other way I know of, because oil wells go fast. When you knock the bung out of the beer barrel it empties itself; it does not renew itself. The paying life of an oil well is in the early stages. What you do today is this. You allow us a tax concession up to fifty per cent. Suppose we in this committee formed a company and we have no other sources of income; therefore there is no concession possible to us; but in the event that we succeed in getting something, then you indeed have a great source of revenue from the oil which is there produced. Really I am utterly unable to find any logical reason for confining this assistance to deep-test wells. I see what is going on, but remember that this can go only to producing companies which, of course, have other revenues. Let us assume that they have other revenue and let us assume that it is continued. If you would only let this go to the prairies I am as sure as I am standing here—because of all the people that are in there now exploring; we have not seen the like of it in the history of Canada—that this government would get more money by way of income tax than all the different contributions that they make to this wild-catting. The government would get infinitely more.

Mr. ABBOTT: My hon. friend is aware that companies, if they have income, are allowed a 100 per cent write-off for the cost of dry wells.

Mr. HARKNESS: This is supposed to be incentive legislation. It is there for the specific purpose of encouraging people to drill wells and produce oil. As a matter of fact, this is absolutely no incentive to anybody to put new capital into the drilling of oil wells. The only people whom it helps are the companies which are sufficiently big to have at least $1 million income from producing wells. So far as the deep-test well is concerned, this concession does not do a bit of good to a company that has not an income of at least $1 million from producing wells. Otherwise they get no benefit really out of it. They are the only people who can have the well written off or fifty per cent written off under this so-called incentive legislation. If the government really wishes to put incentive legislation on the statute books to bring oil wells into production it should put in a type of legislation which would encourage you and me and everybody else in this chamber to put his money into a producing oil well. It is no good to give an incentive to people who are already producing and already have a large income from oil production.

Mr. ABBOTT: In this deep-test incentive legislation, the estimate I have been given is that something of the order of $4½ million has been spent in connection with sinking these deep-test wells.

Mr. SMITH (Calgary West): It was confined to marginal drilling.

Mr. ABBOTT: Never mind whether it was marginal drilling. I know one company that did it, because they used to be clients of mine in the old days. This expenditure, I am informed, ran to $4½ million. Of that, about half represents tax which would otherwise have been paid to the dominion treasury, and the other half represents the companies' own money.

Mr. SMITH (Calgary West): That is true. There is no doubt about that.

Mr. ABBOTT: Unfortunately, up to the present time, no oil has been found as a result of that expenditure. The two or three oil companies engaged in it are out their two and a half millions, and there is two and a half millions less paid into the treasury. It is apparently the type of terrain where this deep-test drilling is desirable and necessary in order to try to find oil, and this has been a type of incentive legislation which so far has not worked out, though perhaps it will.

Mr. HARKNESS: The minister is talking around the point. This is supposed to be incentive legislation, but it is not because it is no good except to a very limited number of companies that already have large income. My point for the last two years has been that the government should put into operation legislation that is a real incentive.

Mr. ABBOTT: Perhaps we had better drop this. We were thinking it was desirable to

continue it for another year, but perhaps my hon. friend suggests that we should eliminate it.

Mr. HARKNESS: I am not suggesting that for one moment.

Mr. ABBOTT: It must be some good then.

Mr. HARKNESS: It is much the same as sending a small boy to do a big man's job.

Mr. ABBOTT: My hon. friend is arguing that it is not sufficient. That can be argued, but this is as far as we are prepared to go.

Mr. KNOWLES: I interjected what I intended to be a serious remark during the speech of the hon. member for Calgary West (Mr. Smith) a moment ago, but my observation was taken the wrong way. It had to do with the question of risk. I rise now to point out what seems to me to be a fallacy in the kind of appeal that the two hon. members representing Calgary are making. The hon. member for Calgary West in particular stated he felt that companies that put these huge sums of money in should not only get their money back but get a good return on it, and the figure he used in the case of one company that had put in $20 million was $60 million. He held that they should get $60 million back, and he suggested, as a justification for that, that they had risked their money. On the other hand, members rise in this house year after year and ask for assistance from the government in the form of incentive legislation to encourage these people to risk their capital, or, in other words, to remove a large element of the risk.

Mr. HARKNESS: On a question of privilege—

Mr. KNOWLES: It seems to me that hon. members cannot have it both ways.

Mr. HARKNESS: On a question of privilege I do not think any member has risen in this house and asked for assistance from the government. All that we have asked for is a reduction in confiscatory taxation, not assistance. We have never asked for subsidies or anything else.

Mr. KNOWLES: *Hansard* will bear me out that the word "assistance" was used by the hon. member for Calgary West a number of times during his remarks.

Mr. SMITH (Calgary West): So what?

Mr. KNOWLES: He is asking for assistance because of the value to Canada of bringing in new oil wells, and I agree; but my contention is that you cannot have it both ways. If you ask for assistance to remove the element of risk, then there must be something less of these huge profits made. If they are to get huge profits by reason of the risk, then they need not ask for assistance from the government.

Mr. SMITH (Calgary West): What I said was this. If I invest $200,000 in one well and I lose it in the next, I have lost my $200,000 and I do not want to pay income tax on the $200,000 which I have lost. You might catch up with that. That is the illustration.

Mr. KNOWLES: That was only one sentence in a long speech.

Mr. HARKNESS: After this long discussion, would the minister cast his mind back to my original remarks and answer the few questions I asked?

Mr. ABBOTT: First, on the question of customs duties, it is not relevant to this section, but I am not prepared to make a statement as to what the duties on pipe will be. As to the heater treater, that is an administrative matter which my hon. friend should take up with the Minister of National Revenue. I have answered the first point relating to the fifty per cent allowance for the stratigraphic traps as well as the deep-test wells. As to the suggestion that higher depletion should be allowed I can understand the desire for that. All enterprises, including mines, would like a higher depletion, but after careful consideration of the whole field of depletion we are of the opinion that the present rates which are allowed are all that should be given. As to the suggestion that it should be indicated how long this particular tax concession will last, in view of the hon. member's remarks, perhaps he is not very much interested. Joking aside, I am not prepared to say that this is necessarily a permanent part of the tax structure. It is proposed that it shall apply for the whole of 1948, which is eighteen months, so that there is reasonable assurance for any concern, which may contemplate applying for permission to avail themselves of it, to make their plans.

Mr. HARKNESS: Another question was whether any consideration had been given with regard to drilling expenses, including permit and leasing costs, geological and geophysical exploration and seismographic experiments. Would these be allowed as deductions for tax purposes?

Mr. ABBOTT: I am told that is not allowed on the deep-test wells, but it is allowed with respect to other wells. It is allowed as a write-off.

Mr. HARKNESS: I understand that permit and leasing costs and so on are not allowed on any mine, unless there is some regulation that I am not aware of.

Mr. ABBOTT: I would have to check that particular detail. I will look into the question and, when in committee on the section of the bill which continues this exemption for the 1948 period, I will see if I can give a definite answer as to just how these items are treated.

Mr. MACDONNELL (Muskoka-Ontario): May I take one moment to raise a question with regard to natural gas in another part of the country? I do this because the member for Haldimand (Mr. Senn) would have liked to raise it, but he is absent, being ill. With regard to the eight per cent sales tax on natural gas, which is widely used in western Ontario for heating purposes, there are two points that I would bring to the minister's attention. I understand that this tax was originally imposed as a special war levy, and there was great hope that it would be removed at the end of the war. Second, I understand that there is no sales tax levied on solid fuels of any kind, so that it is felt by those who use this gas that the tax is discriminatory. I mention this because of its great importance to the people throughout western Ontario.

The CHAIRMAN: Shall resolution 5 carry?

Mr. MACDONNELL (Muskoka-Ontario): Will the minister make any comment?

Mr. ABBOTT: I will take note of my hon. friend's remarks. I am aware of the situation.

Mr MACDONNELL (Muskoka-Ontario): Hopefully?

Mr. ABBOTT: Well, I always consider all these suggestions sympathetically, at any rate.

Mr. KNOWLES: It is one of those indirect taxes which the minister said this afternoon he did not like.

Mr. ABBOTT: I am afraid it is not one that I can do anything about at the present moment.

Resolution agreed to.

6. That there be imposed an income tax of 5 per cent on a non-resident corporation in respect of dividends received by it on or after April 30, 1947, from a resident corporation where all the issued shares of the resident corporation having full voting rights under all circumstances, other than directors' qualifying shares, are beneficially owned by the non-resident corporation.

Mr. ABBOTT: This is imposing a new tax. I will give a brief explanation, if the committee wishes it. This resolution proposes a five per cent tax on dividends leaving Canada from subsidiaries to foreign parents. The general rule has been that dividends leaving Canada are subject to a fifteen per cent tax, although parent subsidiary dividends were exempt entirely from this tax. The present resolution, then, imposes a tax of five per cent where none was imposed before, but it still leaves the parent subsidiary dividends bearing a lower rate than that which applies generally to dividends leaving Canada. It is expected that the revenue from this tax will be $3 million to $4 million annually. It corresponds with a similar tax imposed by the United States upon dividends going from their subsidiaries to Canadian parents and is within the terms of our tax convention with the United States.

Mr. MACDONNELL (Muskoka-Ontario): I am glad the minister made that point about its being within the terms of the tax convention. Does he think it will have any deterrent effect on United States investment here, or does he think the amount is too small to have any effect?

Mr. ABBOTT: I inquired into that and I am assured that it should have no deterrent effect. There is a similar tax going the other way. The inquiries which I made indicated that the adverse effects would not be significant. Under our convention they can take credit for it on the other side.

Mr. KNOWLES: Is the United States rate five per cent, the same as ours?

Mr. ABBOTT: Yes.

Resolution agreed to.

7. That, where a resident corporation owns over 50 per cent of the issued shares having full voting rights under all circumstances of a non-resident corporation and receives dividends (other than dividends that are not liable to taxation) from the non-resident corporation, the resident corporation may deduct from the tax otherwise payable by it for the 1947 and subsequent taxation years an amount in respect of income tax and excess profits tax paid to a government of a country other than Canada on the income out of which the dividends are deemed to have been paid.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister say something about resolution 7?

Mr. ABBOTT: I will give the usual explanation. The law at present allows a Canadian company an offset against its Canadian tax in respect of the tax paid to a foreign government by its wholly-owned subsidiaries abroad. The present resolution proposes to extend this principle and allow a tax credit where the Canadian company con-

trols the foreign subsidiary; that is, the foreign subsidiary does not have to be wholly-owned. Provision will also be made in the law that the credit will apply in cases where the control is secured indirectly through the intermediary of a wholly-owned subsidiary. I think the committee will agree that the general principle of allowing tax credits is sound, and this present measure is a further step in that field. Generally speaking, it is in line with the practices followed by other countries.

Mr. MACDONNELL (Muskoka-Ontario): I have a question with regard to the wording of the resolution in the fifth line from the bottom, if the minister will read it with me. It reads:

. . . the resident corporation may deduct from the tax otherwise payable by it for the 1947 and subsequent taxation years an amount in respect of income tax . . .

Is that not a vague phrase? The section of the act itself, which I understand is comparable—that is, to say, section 8, subsection 2(a)—makes that specific.

Mr. ABBOTT: I repeat to my hon. friend, as I have done before, that the language in these resolutions is rather general and not as carefully drafted as the statutes will be. I have not yet seen the section in the bill which will be introduced, but I will endeavour to see that the language is clear.

Resolution agreed to.

8. That the period during which refunds may be made in respect of amounts deducted for tax at source from salaries or wages be extended and that where the period for refunds in respect of deductions heretofore made has expired, such refunds be permitted for a further prescribed period.

Mr. GREEN: Will the minister explain resolution 8?

Mr. ABBOTT: Yes. This resolution represents an alleviating measure. Where tax has been withheld at the source from wages and salaries, for example, refunds may be made "upon application . . . in writing within twelve months from the close of the calendar year in which such money was paid," in cases where the amount withheld was greater than the actual tax liability. It has been found that many persons did not get their applications in within the twelve-month period, and it does not seem fair that this should preclude them from getting their money back. The proposed amendment will allow such refunds to be made even though the application was not made within the twelve-month period. For the future the provisions for refunding tax withheld at the source will be brought into line with the general provisions for obtaining refunds applicable to those who file returns.

Mr. GREEN: There has been considerable complaint about the delay in making these refunds. Can the minister tell us how far the department are running behind in making them?

Mr. McCANN: As I understand it, the position is that, although there is a considerable backlog, it is being liquidated. I think something like 1,300,000 refunds have been made in the year with reference to overdeductions.

Mr. GREEN: Approximately how long are they running behind now?

Mr. McCANN: Well, just the past year.

Mr. GREEN: They are a year behind in making refunds?

Mr. McCANN: No, I would not say they are a year behind. The refunds for 1946 are almost up to date.

Mr. GREEN: That brings up one other point. There has been reported in the press considerable dissatisfaction on the income tax staff. For instance, I have here a press clipping dated April 21, 1947, and headed, "Income tax staffs now talking strike." This is a press dispatch from Vancouver, I think. It states that there is apt to be a walkout in the Toronto office, that the dissatisfaction "may lead to a walkout in Toronto April 30." The complaint apparently was that there is too much red tape and interminable delay in getting wage and job adjustments. The final paragraph of the article reads:

Wages are the chief cause of complaint among tax staffs here . . .

That is, in Vancouver.

. . . Staffs have suffered heavy turn-overs because of offers from higher-bidding big business.

Can the Minister of National Revenue tell us what has been done to clear up that situation?

Mr. McCANN: That statement is entirely fictional. We have no knowledge of any such complaint. The first knowledge I had of it was the press report, which probably is the same as the one from which the hon. member has quoted. There has been no general dissatisfaction in our regional offices. An attempt has been made at an adjustment of salary and in procuring a further number of competent accountants and assessors to bring the work up to date. I can give the assurance

to the committee that that has resulted in a much improved condition as far as assessments go.

Mr. GREEN: Action is being taken to meet these complaints which, by the way, seem to have some merit?

Mr. McCANN: Well, I would not say that they have any particular merit. As often happens in any government department when it goes about any reorganization, there are some employees who are impatient and, because they are not dealt with at the same time, they may make some complaint. But the planned reorganization and readjustment of salaries to people of merit and who are competent is going on. We are proceeding, as I say, as quickly as can be done.

Mr. MacINNIS: I wish to say a few words in connection with resolution 8. I understand that the persons referred to here who may make application for refunds are persons from whom deductions have been made at the source and have not received sufficient income to make a return.

Mr. ABBOTT: It applies to all taxpayers. They may be the greater number.

Mr. MacINNIS: The principle is the same, I think. I do not see why a person should have to make to the government application for a refund, or why, if he does not make that application within a certain period of time, he should be debarred from making it. I believe that the government checks all income tax returns. If they find that a person has not paid his income tax in full, they make a demand that he do so. That is the procedure.

Mr. ABBOTT: I can answer this very quickly. It applies only to people who have not filed returns.

Mr. MacINNIS: That was what I said in the first place, and I was told it applied to everyone.

Mr. ABBOTT: The provision applies to all taxpayers.

Mr. MacINNIS: If I am left alone, there will be at least less confusion. The point I wish to make is that when the employer makes the deductions he is acting for the government; he is compelled to make the deductions. The government or the department has the name of the person from whom the deductions have been made. The account should be followed up, and if it does not appear that the person has received sufficient income in order to make a return or pay a tax, that tax deducted should be returned to him.

Mr. ABBOTT: How on earth can we know? I do not want to interrupt my hon. friend, but if a man works for two or three employers how can the income tax department know if no return has been put in?

Mr. KNOWLES: You will find out very quickly if he owes money.

Mr. McCANN: You do when he makes a return, or if the time comes when he ceases to make a return. What happens if he works for six months and becomes ill? We have no knowledge of that, and the deductions cease then.

Mr. MacINNIS: If the deduction ceases, then you have an amount to the credit of that individual; at least it should be to his credit, and it is the duty of the department to find that individual and return it to him.

Mr. ABBOTT: We would do so if we knew about him.

Mr. MacINNIS: In any event, there must be an address which can be obtained from the employer. I cannot understand this high-handed way of saying that if he does not make a claim for refund within a year—I realize that the purpose of this change is to extend the time—he loses the money. I cannot understand a provision that a person who has a just claim should be debarred from getting the money to which he is entitled if he does not make application for the refund within a certain time. I am glad the government is going as far as it is, but it has not gone far enough until it makes at least some effort to find the individual to whom it owes money, and returns the money it owes.

Mr. ABBOTT: My only point is that the government does not know and has no effective practical means of knowing that it does owe money to such an individual. That is the point. If he files a return, yes; then the government assesses the return and sees that with his exemptions and so on he has overpaid his tax. But in the case of a man who has worked for three or four months, who has had deductions at the rate of, say $2,000 a year, who then becomes ill or moves away, the government has no means of knowing at what rate deductions may have been made by another employer perhaps in Vancouver or in the United States or somewhere else. Surely it is not asking too much of every individual Canadian to apply to the nearest income tax office if he believes he has overpaid his tax or that tax has been deducted in a greater amount than it should have been. That is not placing a very great onus on the taxpayer. I wish

the committee would think of the additional staff that would be required to go through all the returns of employers which are filed and coordinate those returns to see that the John Smith who worked for one employer in Toronto for three months at a rate which made him taxable in the same John Smith who three months later worked for somebody in Vancouver. I think it would be beyond the bounds of reason, and this measure is to extend the period within which application may be made. I am sure my colleague the Minister of National Revenue will confirm that we get thousands of these applications for refunds. A man is pretty careful about claiming money when it is owing to him. I never find very much of an oversight in that connection.

Mr. MacINNIS: I have in mind a case which I could mention, though I am not going to, where money has been due for years, where a return had been filed as well, and where the money was not paid until a demand was made. What the minister says may be easy if you have the education of a lawyer and are practised in keeping books and doing that sort of thing. A great many of these people will have very little education, very little understanding of what they are supposed to do. Those who represent farmers here, particularly on this side of the house, have made the welkin ring on many occasions in regard to the difficulties and discriminations the farmer is up against in the matter of income tax, but I can tell them the person who never gets a break in regard to income tax is the wage-earner or salary earner who has his tax deducted at the source. As the minister says, if he works for six months at the rate of $2,000 a year the tax is deducted at that rate. Then if he does not work for the rest of the year he is out the amount deducted unless he applies for a refund. As the act stood, and as it still stands even with this extension, if he does not make application within a certain period of time he loses that money.

Mr. McCANN: There are very few losses.

Mr. MacINNIS: There are so many, in any event, that the time for making application for refund has had to be extended. I would say that a person should not be debarred from making application for refund, if the refund is coming to him, no matter when he makes it.

Mr. HERRIDGE: I think I am in order in asking the Minister of National Revenue a question under this section because, while it has to do with compulsory savings, it is in the nature of an overcharge. I have had several complaints from men over sixty-five years of age who say they had compulsory savings deducted from their income. I have in mind a man who returned to work in a factory after he was sixty-five years of age, and had these compulsory savings deducted from his cheques. I understand that he has written the Department of National Revenue on several occasions requesting a refund, so far without success. I should like to ask the minister why these incorrect overcharges are not returned to people of this type as soon as possible.

Mr. McCANN: If there has been fault in this particular instance it has been due to the employer. Anyone who is sixty-five years of age and who has a refundable portion of his tax to his credit may make application for it and have it returned, provided that he has an income of less than $5,000.

Mr. GILLIS: In the end of the country where I come from this is a pretty burning question. There it is not a question of chasing a taxpayer from one employer to another. All the people I speak of now are employed by the one employer, but some of them wait for two and three years for tax refunds. I think one principal reason is the lack of staff in the only office you have in Nova Scotia; that is, the Halifax office. Most of the people in my riding are employed by Dominion Steel and Coal. The tax is deducted at the source. The records are there, but apparently the comptroller of the company has the last say. The taxpayer makes applicaton for a refund of his 1944 tax, for example. I am still working on some 1944 refunds, and some go back as far as 1943. There are as yet no complete records for 1946. When the taxpayer applies for his refund, after going through all the necessary formalities, apparently the inspector in Halifax has to check the return and then send it to the comptroller in Sydney for a recheck, and in the process it gets pretty well mixed up. I do not expect the minister to cure this tonight, but I should like to see him break that machinery in Nova Scotia at least in two, by the establishment of an office in Sydney. That has been mooted for at least eighteen months, and I should like to see the thing get underway.

Mr. ISNOR: It is all ready.

Mr. GILLIS: Is the hon. member for Halifax answering me, or is he holding a private discussion with the minister?

Mr. ISNOR: You carry on with your part.

Mr. GILLIS: I have the floor and it would be courtesy for you to keep quiet while I am talking to your superior.

Mr. ISNOR: Mr. Chairman, I did not interrupt the hon. member. He can go on and make a case, if he wishes.

Mr. GILLIS: That is clear.

Mr. ISNOR: He knows it is settled, or he should know.

Mr. GILLIS: Even now I do not know what the hon. member is talking about, and I am not particularly interested.

Mr. MACKENZIE: That applies both ways.

Mr. GILLIS: I was pointing out to the minister that for the past eighteen months or so it has been mooted that the department intended to set up an office at Sydney because the big tax deductions at the source in that province are in that end of the province. I should like the minister to tell me tonight. I have been told a dozen times at least by his department that they are all ready to start operations in that office. That is my first grievance.

Then, there is a great deal of difficulty in connection with the matter discussed by the hon. member for Vancouver East. Perhaps it is not the fault of the department. During the war, thousands and thousands of workers were employed in war industries throughout the country, and perhaps they paid taxes during half of 1945 in a war industry which folded up, their books and records went with them, and in many instances it has been difficult to trace them down. For instance, in the shipyards at Pictou we found that difficulty, and I worked on it for a long time. Different companies operated there. The employees from the shipyards came back to work in the coal mines or on the farms and began to try to track down their taxes. As was pointed out by the hon. member for Vancouver East, that is not a difficult matter if one is a bookkeeper or a lawyer, or one who can look into the future, but the workman finds that there are not many facilities to which he can turn to have this ironed out. Everyone backs away from an income tax return as if it were a rattlesnake. I know I do not want to see them, although on many occasions I have tried to trace down files.

I am not criticizing the machinery in Halifax. What the department have at that point is good, but they have not enough of it. I have found them cooperative. But it is difficult to find these records. Can the Minister of National Revenue advise me tonight when we might expect the office in Sydney to begin operations, because we shall not get the mess off our hands we have there with respect to refunds until such time as we have an office down there where the problem is. I think most of the difficulty is with the comptroller of the coal company.

Mr. ISNOR: Mr. Chairman—

Mr. GILLIS: Mr. Chairman, I asked the minister a question, and I should like to have it answered.

Mr. ISNOR: Speaking on the same subject as was raised by the hon. member—

Mr. GILLIS: As a matter of courtesy, might I have that question answered?

Mr. GREEN: Let the minister answer.

Mr. ISNOR: Perhaps the minister can answer both of us at the same time.

Mr. GILLIS: I would rather he would answer me first.

Mr. KNOWLES: What do you mean by "both"? Are you two people?

Mr. ISNOR: Speaking with respect to the question raised by the hon. member who has just spoken and the hon. member for Vancouver East, might I ask if I heard the hon. member for Cape Breton South correctly when I thought he said he did not understand what I was saying? Well, that is quite understandable. In his case when he refers, as he does, to the collection of refunds, in the same way as the hon. member for Vancouver East referred to deductions on salaries of $2,000 a year, I would point out that the deductions are made on either a weekly, semi-monthly or monthly basis.

Mr. MacINNIS: I know that. It is a waste of time to tell me that, because I know it.

Mr. ISNOR: I do not as a rule interrupt the hon. member. I allowed him to go along and build up his case.

Mr. MacINNIS: And I would not have interrupted the hon. member for Halifax, but he is giving an altogether wrong impression of what I said. I said it was made at the rate of $2,000 a year.

Mr. ISNOR: I thought perhaps I would clear that point up. The deductions are made on a weekly, semi-monthly or monthly basis; and if a person works for two, three, four, five or six weeks, as the case may be, his deductions are made only on his earnings during that time.

Mr. MacINNIS: Quite so; that is right.

Mr. ISNOR: So from time to time—once a month, as a rule—those deductions are returned to the income tax office, and at the end of the year a recapitulation is made showing the total deductions for the period in which the person was employed. A record is made showing the name, the amount and the days, and those are added in. Until the income tax office at Halifax, we will say, so far as Nova Scotia is concerned, has a complete list of the earnings of that man, it is not in a position to make a refund to him. I think that should be clearly understood. That shows the position in the income tax office after the return has been made. It is not fair to criticize the income tax office at Halifax or any other place for not being able to take care of the refunds immediately after the returns are made. That is the first point.

Then, I am reasonably sure the hon. member for Cape Breton South must know—because he has been told time and again—that the office at Sydney is to be established. I have heard that said on the floor of the house. Like the hon. member, I hope the office will be established in Cape Breton in the very near future, so as to relieve the overworked staff at Halifax. May I add that the staff at that point is most efficient. I know many of them personally, and they are a fine body of men and women, doing the best they can to clean up income tax returns as quickly as possible.

Mr. GILLIS: May I say to the hon. member for Halifax that, personally, I was never advised that the office was to be established, and I never have heard it on the floor of the house. I had considerable correspondence with Mr. Elliott, while he was deputy minister, and the last I heard of it was that as soon as available space could be secured it would be set up. I do not know whether that space was secured or what stage it is in at the present time. That is why I should like the minister to answer.

Mr. ISNOR: I thought the hon. member, like myself, was a fairly regular attendant in the house; certainly I heard it on the floor of the house.

Mr. GILLIS: I did not, and you cannot show it to me in *Hansard,* either.

Mr. McCANN: The matter of opening an income tax office in Sydney has been dealt with before, and it was recommended in a report made with respect to the establishment of additional district offices in Canada. I tabled that report in November, 1945.

Mr. MacINNIS: No wonder it was forgotten.

[Mr. MacInnis.]

An hon. MEMBER: It is not established yet.

Mr. McCANN: No, it is not; and there are valid reasons why. There is no department of government which has grown as quickly as the Department of National Revenue in the same number of years. No department of government has lost to industry and to business generally throughout the country, and to other departments of government, as many of its trained personnel as did the Department of National Revenue. Those are some of the difficulties that we have.

What the hon. member for Cape Breton South has said with reference to the Halifax office is not according to the facts. The progress report shows that, as of May 1, 1947 there were 80,081 returns for 1945 made, of which 80,081 had been assessed. In other words, it was 100 per cent for 1945.

Mr. GILLIS: Assessments are not returns.

Mr. McCANN: The assessments had been made. The return for 1946 were due exactly thirty days ago, and they have hardly been sorted as yet in the offices throughout the country. You could not expect them to be assessed so that we could determine whether or not there was a refundable portion. There have been 86·4 per cent of the 1944 returns assessed. I submit that the work of that office is as good as in any office in the country, and better than in some.

Mr. ISNOR: Better than in most.

Mr. McCANN: Better than in most. We are proposing, for the convenience of people on Cape Breton island, to open an office in Sydney. It will require seventy-seven people to man it. Where are we to get these people? Probably the initial employees will be taken from the Halifax office, and the work there demands that we retain all the present staff in Halifax. The work of that office will not be reduced a great deal. As soon as we get the necessary space, the proper equipment and competent people to carry out the work, we shall proceed to open that office.

Mr. GILLIS: When I was speaking I think I made it quite clear that I have had as much to do as an individual with the Halifax office as any other member of this house. I was not criticizing the work of that office; I was simply complaining about the lack of personnel and the difficulties created by having to check off with the comptroller of the coal company. It is no problem if you are employing only twelve or fifteen men, but when you are handling weekly deductions for

13,000 people and it is necessary at the end of the year to check them all, a great deal of difficulty is created. I was not complaining about the office; my kick was the lack of necessary assistance for an office in that end of the country where a big problem must be faced.

I was informed at least two years ago that personnel was being trained for this particular work. I have had a number of people write to me making application for positions, and apparently they were qualified. I am reasonably sure that personnel will not be the main problem.

Mr. GREEN: Why would it not be possible to allow an applicant for refund the statutory period within which to apply? In British Columbia that would be six years. Is there any reason why such a person should not be permitted to come under the statute of limitations?

Mr. ABBOTT: This is a problem which was raised by the administration branch of the income tax department. As my hon. friend realizes, this refers to people who have not filed income tax returns. Six years is quite a long time to wait, because it would be difficult to check facts after that length of time. Application has to be made and checked back against the employer's returns. In view of the congestion in the offices and one thing and another, I would think that would be an unreasonable length of time to allow people who have not filed income tax returns to make application.

Mr. GREEN: That is just the tragedy; the people affected are people with small incomes, people who are not taxable. Surely it will not hurt the government very much to allow them at least six years to apply? If they delay in their application it will be that much more difficult for them to prove their claim. I suggest that this is one case where the government could be lenient. I submit that the ordinary statutory period would be the fair thing to allow.

Mr. ABBOTT: As my hon. friend will notice, the resolution provides that such refunds be permitted for a further prescribed period. I do not think it is intended to prescribe it as such in the legislation. I have not seen the bill. If it is desirable to do that it could be done. This is really to remove the twelve months' limitation.

Mr. ARCHIBALD: I should like again to bring to the attention of the minister the position of the fishermen on the west coast. During the war, income tax was deducted at the source, but this was not done in the case of east coast fishermen. That discriminatory practice has never been adequately answered by the department. The fishermen, especially those in the halibut fleet, are filing returns, but they do not get an answer for three years. If there is a deficiency, interest is charged. They are objecting violently to this.

While I am on my feet, I wish to say that the settlement service they have in Prince Rupert gets on very well with the departmental officials in Vancouver; in fact the relationship is excellent. However, to put it mildly, this overcharging of interest is getting under their skin. It is no fault of their own because they cannot get an answer from the department. I have received correspondence on this matter and it is still going on. This matter has been troubling them ever since I have been in the house. They cannot get an answer from the department as to whether they are squared away. In one case it was pointed out to me that it was the department's fault, and yet these men are continually being forced to pay interest on any deficiency in their taxes.

Mr. McCANN: The people to whom the hon. member refers deal with the Vancouver office, and there cannot be any great number because our reports show that the 1943 returns as of May 1, totalled 240,000, of which 230,000 have been assessed. For the 1944 period, as of May 1, 1947, 211,000 out of 248,000, or eighty-six per cent, have been completed. Seventy-five per cent of the returns for 1945 have been completed in Vancouver. I do not think there can be many of these cases. There may be the odd one, but to say that none of the people in the hon. member's particular district is getting service is beside the fact. If there is any particular case in which the hon. member is interested, if he will pass it over to me I shall try to expedite the handling of returns.

Mr. CRUICKSHANK: What does the minister mean by "completed?"

Mr. McCANN: Fully assessed.

Mr. CRUICKSHANK: Does that mean that they will not be charged interest?

Mr. McCANN: I did not say that. The law states that the interest rates shall be so much from the time the return is made until it is assessed, and then a month after notice of assessment the rate shall be at a certain rate if it is not paid. I should like to say something about overpayments. Quite often when the assessment goes out it is indicated that the assessment is such and such and that the taxpayer has overpaid to the extent of $6, $8 or $10. The majority of

these people do not ask for a refund, they ask that it be left as a credit for the following year.

Mr. CRUICKSHANK: What interest is charged if there is an underpayment, and what interest is credited if there is an overpayment?

Mr. McCANN: There is no interest credited, and the charge is four per cent from the time the return is made until it is assessed, and thirty days after notice is sent out until it is paid there is an extra charge of three per cent.

Mr. CRUICKSHANK: If there is a charge for underpayment, for the sake of argument using the year 1943, and a penalty imposed, and again for the sake of argument, in 1944 there has been an overcharge, who gets the benefit?

Mr. McCANN: The crown.

Mr. CRUICKSHANK: Is there anything fair about that?

Mr. McCANN: In practice, with the small amounts involved, it would be difficult to work out the interest on $2 or $3 with the tens of thousands of individuals concerned. Where there are small credits like that involved we would require a large additional staff, and we are at present short enough of staff making assessments without having to compute interest on small amounts.

Mr. CRUICKSHANK: There are at the present time several hundred competent men unemployed in British Columbia who could be used in this work.

The minister refers to small amounts. It might be a small amount to a man making $5,000 or $10,000 a year, but to a man who is not making anything like that amount, a charge of $150 is not a small amount. To my mind, there is no excuse whatsoever for this or any other government permitting that kind of situation to exist.

Mr. ARCHIBALD: On May 28, I put on *Hansard* an excerpt from a letter received from the Prince Rupert Fishermen's Settlement Service which was sent to the Vancouver office. The minister said that there could not be very many cases. Here is the wording that I put on *Hansard,* which will be found at page 3561:

In many instances we have cases where assessments are not made for three years after the return is filed—

This is from a reliable source. The excerpt continues:

—and any differences there may be are assessed and on this non-payment interest is charged for the full three years, and both the fishermen and myself feel that this is not fair and interest should be charged from the date of assessment.

The minister has said that any cases we can get which are still hanging fire he will look into. I shall write immediately to the settlement service and the cases will be laid before him.

Mr. BLACKMORE: I wish to protest against what has been brought to the attention of the committee. Certainly there can be no element of fairness in the procedure which charges a man interest for two or three years before he knows what he owes. It constitutes such an outrage as must shock every member of the committee. Certainly a matter like that cannot be condoned.

Mr. ABBOTT: I am going to intervene here. We have discussed this question on numerous occasions when the income tax resolutions have been before the committee. Of course this is in no way relevant to the particular resolution which we are discussing, which is an alleviating resolution extending the delay within which the return may be filed. The question as to whether or not interest should be charged on underpaid income tax amounts not paid with the filing of the income tax return is not relevant. If my hon. friend wishes to make a speech on that when we are on second reading of the bill he may, of course, do so, and I shall try to argue the case with him then; I have done so before. On balance, the short answer is, unless there is some penalty for underpayment of income tax, then there is too great a temptation to the taxpayer to underpay his tax. The administrative practice, as I understand it, is, if there is an underassessment and a genuine mistake in the calculation of the tax and something is added, then the interest runs only from the date of the notice of the assessment when he should have made the payment. In any event, I intervened to say that if we are to embark on a discussion of this resolution as to whether interest should be paid or not paid, then we can discuss almost anything in the income tax act.

Mr. BLACKMORE: As I understand it, the matter we are discussing is the amount which is deducted at the source. That being so, the committee should be permitted to discuss the matter.

Mr. ABBOTT: There is no question of interest involved there. What we are discussing here is the question of income tax payment which is deducted at the source and on which the taxpayer is entitled to a refund. The section proposes that he have an extended

time within which to file his application for it. When he gets his refund he gets it without interest. In other words, the crown does not pay interest on the overpayment. That has been the law with respect to the crown ever since there has been a crown. The crown does not pay interest on these refunds. Perhaps that is wrong. Nevertheless we have argued it out before. It is not a question of the taxpayer owing interest here; it is a question as to whether the taxpayer should get some interest on the amount of the tax that he has overpaid.

Mr. HAZEN: Will the Minister of National Revenue give us the returns and the assessments at the Saint John, New Brunswick, office from 1945? Apparently he has the figures.

Mr. McCANN: Yes, I can do that. The position with reference to Saint John for 1945 was as follows. There were 56,450 individual returns. We do not include the corporation returns there. The total assessed as of May 1, 1947, was 40,052, or 70·9 per cent. In fact, to give the whole picture in reference to 1944 in Saint John as of May 1, there was 93·7 per cent assessed, and for 1943 they were practically all assessed.

Mr. HANSELL: The question I wish to ask may not come directly under this resolution. I do not want to be out of order. If the minister thinks this is not the time for him to answer I shall be glad to ask it at some other time, but I do not know where I can ask it. It has to do with refunds, and my question is in respect of the refund of compulsory saving. My question is twofold. In the past there has been some discussion as to the possibility of paying back compulsory savings in necessitous cases. People take sick or something happens and they must have money. The government holds some of their money.

Mr. ABBOTT: I wonder whether my hon. friend will allow me to interrupt him. I dealt with this question this afternoon under the general income tax section, but I do not think my hon. friend was then in his seat. I gave my views as to what could be done this year and what—

Mr. HANSELL: Was it in respect of necessitous cases?

Mr. ABBOTT: Yes.

Mr. HANSELL: I shall read it in *Hansard* tomorrow.

The second part of my question is this. I had some correspondence with a gentleman who needs money. He was quite willing to borrow the money if his compulsory savings could be assigned, but evidently the regulation will not permit banks or credit institutions to lend money and take compulsory savings as security. Has the minister given any consideration to that? There are necessitous cases where a person would not mind paying a little interest and borrow the money, but he has no security. The refundable portion of the tax is certainly just about as good collateral as anyone could desire, but the regulations do not permit it to become collateral. Could the regulations be changed in necessitous cases so that a person could borrow on his compulsory savings?

Mr. ABBOTT: My hon. friend knows that the law contains a provision which says that it will not be assignable. Consideration has been given to amending it, but the decision was against it for the reasons that I mentioned in answer to a previous question this afternoon. We do not feel that we can look into necessitous cases and pick these out and deal with them as distinct from others. My hon. friend will see the reasons I gave when he reads *Hansard* tomorrow. To extend the privilege, to enable the taxpayer to assign it, would involve some considerations of investigation and the ascertaining that it was a necessitous case. The reason the non-assignability provision is in the act is to prevent the exploitation of the taxpayer who may be willing to assign or sell at a ridiculous discount. On balance, it is thought to be a wise protection. The same reasons apply to assignability for collateral purposes. In other words, if we felt that we should look into necessitous cases we would turn over the money rather than allow it to be assigned. We would pay the amount. If one were to investigate cases and deal with them as necessitous, instead of allowing the man to assign we would pay back the money.

Mr. BENTLEY: I wish to revert to something the minister said a moment ago. He is a genial gentleman, but he startles me occasionally with his remarks. He said flatly that the crown does not pay interest. Never?

Mr. ABBOTT: The crown is not liable to pay interest in law and never has been. The courts, on a petition of right, will recommend in certain cases that it pay interest.

Mr. BENTLEY: Therefore the crown will pay interest when it feels like it. When it is a question of playing fair both ways it may pay interest or not. It can charge interest but need not pay it.

Mr. ABBOTT: My hon. friend is making a soap-box speech.

Mr. BENTLEY: I am making a statement of fact.

An hon. MEMBER: You know where "phony" got you this afternoon.

Mr. BENTLEY: And that is a phony statement.

Mr. ABBOTT: I will withdraw the statement.

Mr. BENTLEY: I was not speaking of compulsory payments but on the question which my hon. friend the member for Cape Breton South brought up and which was followed by the remarks of the hon. member for Fraser Valley. I did not intend any heat.

Mr. ABBOTT: I take it all back. No offence was intended and none need be taken.

Resolution agreed to.

9. That funding securities received in respect of an accrued right to interest, dividends or other payments of an income nature or in respect of the extinguishment of a shareholder's preference to the declaration of dividends for past periods be taxable as income.

Mr. ABBOTT: Perhaps I had better explain this resolution, because I have an amendment to move.

Resolution No. 9 as amended makes provision for taxation in two directions. The first part of the resolution makes taxable in the year of receipt the value of a security received in respect of an accrued right to receive interest, dividends or other payments of an income nature. The house is aware that companies which have been in financial difficulties frequently issue what are commonly called funding securities covering arrears of interest on its bonds that the company has been unable to meet in the past. This interest, if it had been paid, would, of course, have been income to the bondholders in each year in which received. When the bondholder receives a new bond covering arrears of interest he has, in effect, received the interest in one lump sum, although it is received in the form of a promise to pay. There has been some doubt regarding the present law as to whether the recipient of the funding security is taxable on the receipt of the security or whether the tax liability is deferred until the time when the security is redeemed, that is, when the company actually pays cash to the bondholder. It seems clear that the practice should be to have the tax liability fall in the year in which the funding security is received by the bondholder, and this is what is being proposed in the present resolution.

The second part of the amended resolution deals with the premium received by a shareholder upon the redemption of his shares. At present the premium upon redemption is deemed to be a dividend. The proposed amendment is that the premium shall be taxable as income. The change in wording has the effect of making a corporation taxable in respect of premium received, whereas under the present law the corporation is not taxable because the premium is deemed to be a dividend and, as the committee knows, dividends paid from one corporation to another are exempt from tax in the hands of the receiving corporation.

In the case of funding securities, this will relate only to interest-bearing securities and not preferred shares and the like or shares which are issued in connection with arrears of cumulative preferred dividends. I would ask my colleague the Minister of National Revenue to move the amendment which I am proposing.

Mr. McCANN: I move, Mr. Chairman:

That paragraph 9 of the resolution to amend the Income War Tax Act now before the committee be deleted and the following substituted therefor:

"9. That funding securities received on or after January 1, 1947, in respect of an accrued right to interest, dividends or other payments of an income nature and premiums received on or after May 31, 1947, on redemption of shares by a corporation, be taxable as income."

Mr. SMITH (Calgary West): Part of what I had to criticize has been removed by this amendment, but I think it is open to this criticism, if I understand the amendment which has just been proposed. It seems to me that what it means in simple language is this. Assuming I have a bond bearing interest and, we will say, the company has been unable to pay that interest for a period of ten years, and then some refunding is done for the accrued interest which is owing to me; had I received that interest through the period of the ten years it would have affected only my gross income or taxable income to perhaps only a comparatively small extent. But remember I have not had it, and now I receive the shock of getting it all at one time, not in money but in a promise to pay, so that my tax in that year, it seems to me, is unduly enhanced, if I may use that expression.

Put it another way. Suppose I had $100 a year coming to me during the ten years. At the end of ten years it is $1,000, and at that time there is a reorganization and a refunding issue is put up. I do not get the $1,000 but a

new form of bond or preference share or security or something of that kind, and that is only a promise to pay. But that $1,000, added to my income in that year, since we have an ascending scale of income taxation, means that I am unfairly struck all at once. I am asking the minister if he does not think he might spread that burden over the period during which I otherwise would have received the money had the corporation been able to pay it, or for some lesser period. It strikes me as being unfair to the individual who has not received interest payments, on which perhaps he has relied during those years when he has had to borrow other money at a greater rate, it may be, to maintain himself and his business, or whatever it may be. It is severe that you should say, "In the year 1957 we are giving you a security, a promise to pay, in lieu of money you did not receive, which will be in the same amount, and you will add that to your taxable income during that year." That is something worth the minister's consideration.

Mr. ABBOTT: I had already given it more thought, and I can give it more before the bill is brought in. I do not think it is really feasible. The position is the same as that in which any mortgagee is in where arrears of interest accumulate and he eventually collects them. The section we propose to insert in the act is almost identical in terms with a similar section which has been in the British income tax act for a number of years. I have perhaps omitted covering all the arrears of preferred dividends, because on investigation I found that there were great complications there, and I have not been able to see through all the various implications. That may have to be done at a later day. We do not intend to do it this year, so that the amendment this year will relate simply to interest-bearing securities. But I will give some consideration to the point that my hon. friend has raised; and when the bill is brought in, he can see the form in which the section is drawn.

Mr. MACDONNELL (Muskoka-Ontario): I wish to add a word along the line taken by the hon. member for Calgary West, and along the line of fairness. I want to add what seems to me is a further argument—the minister has hinted at it himself—that in the case of corporations where interest goes from one to another, the shock may not be anything like the same as it is with individuals. Take the individual about whom the hon. member for Calgary West spoke. He gets his interest at the end of ten years. Actually he does not get it. He gets a promise. I appreciate the fact that there is a mechanical difficulty here where the bond circulates from hand to hand, but I do not think that is insuperable. I think it can be overcome by stamping and in various ways. I should like to second earnestly what my hon. friend has said, and I hope the minister will reconsider this stringent provision, as I see it.

Mr. BENTLEY: May I ask the minister a question without his thinking I have an ulterior motive?

Mr. ABBOTT: Yes.

Mr. BENTLEY: I am not a lawyer and—I say this earnestly—I do not follow legal phraseology too well. I tried to follow it when the Minister of National Revenue was referring to it. Does this in any way affect the revolving funds in a cooperative institution?

Mr. ABBOTT: No, not at all. It is blocking what, we believe, might be a serious loophole and loss of revenue which should be received by the treasury. That is the purpose of it.

Amendment agreed to.

Resolution as amended agreed to.

10. That the provisions respecting the taxation of private companies in respect of undistributed income be extended to include companies having not more than 75 shareholders excluding shareholders employed or formerly employed by the company, as at present.

Mr. ABBOTT: Resolutions 10, 11, 12 and 13 all relate to the special provisions concerning so-called private companies which were put in the law following the recommendations of the Ives commission. The committee may recall that legislation was introduced in 1945 dealing with the recommendations of the Ives commission regarding the position of shareholders of closely-held companies. The problem arose out of the situation faced by the estate of the chief shareholder of these companies having to meet the liability for succession duties upon the death of the main owner of the business. The legislation made provision for the payment of a tax by the corporation on its undistributed income. Thereafter a payment of a dividend out of this accumulated surplus which had been specially taxed was free from further tax when paid out to the shareholder.

As the law now stands, a company with more than fifty shareholders cannot qualify for the benefits of the legislation. Resolution No. 10 proposes that the limit on the number of shareholders be raised to seventy-five. Cases have been brought to the government's attention where, through various reasons, the

shareholding has been moderately widened with the passing of the years, although such company is still, in fact, a privately held corporation. It seemed reasonable, therefore, that the terms of the legislation might be made less rigid in order that many deserving cases which now are disqualified may be enabled to come under the terms of the law and pay the special tax.

Mr. HARRIS (Grey-Bruce): I want to make objection, not to the increase to seventy-five, but to the increase to any specified number of shareholders. The minister has touched on the difficulties which the department has found in applying this to one or other of the various companies which have applied. But as I understand it, the number of shareholders is fixed as of April 29, 1941, thereby rendering an injustice to one company which happens to have had more of its shareholders die prior to that date than might die later.

Dealing with this amendment in 1945, may I say that I know of one company in which one man died leaving thirty-two heirs and in that fashion counted his company out of taking the benefit of this act. I suggest to the minister that the true purpose back of the act as passed in 1945 was to give certain rights to closely held corporations, provided that they had less than fifty shareholders; but instead of that date being fixed as of April 29, 1941, it should be fixed as of the original date of incorporation if at that time it conformed in other respects with the definition of a private company. Then, if thereafter any of the original shareholders remain as of the date of April 29, 1941, and if the remainder of the shareholders are successors to the original ones, that company might enjoy the benefit of the resolution; because, as years go by and the shareholders die off, this same company may still continue to have its surplus undistributed and each family in turn may make the strenuous efforts to avoid distribution to which the Ives commission referred. If that is the case, the last surviving man or his family upon his death, finds it even more onerous to face the difficulties. Therefore I suggest that the minister, between now and when the amendments come in, might give consideration to that. In the meantime I am going to ask the department to look at page 62 of the Ives report and let us have some facts as to the number of companies which have taken advantage of this amendment of 1945 and the amount of money collected from them.

Mr. ABBOTT: We can give that when we are on the bill.

Resolution agreed to.

[Mr. Abbott.]

11. That the provisions making applicable in respect of income of the 1946 and subsequent taxation years the liability of a private company to pay tax upon undistributed income to which a personal corporation, estate or trust would have been entitled if the income were distributed, be amended to provide that the liability is to be deemed to have been imposed on and after December 18, 1945.

The CHAIRMAN: Shall resolution 11 carry?

Some hon. MEMBERS: Carried.

The CHAIRMAN: Resolution 12?

Mr. MACDONNELL (Muskoka-Ontario): I thought the minister was going to say something about these items.

Mr. ABBOTT: These last three are almost purely technical. Resolution 11 represents merely a clarification of an amendment introduced last year. Last year's amendment took care of a purely technical omission in the original law. The date of coming into force of this amendment was stated in such terms as to render it ambiguous. The present proposed amendment provides that last year's amendment shall come into force as from the original date of the enactment of private companies' legislation. There was an interpretation argument there and we wanted to make it perfectly clear.

Some hon. MEMBERS: Carried.

Mr. ABBOTT: I can deal with these three resolutions together if the committee wish me to. They all relate to private companies.

Resolution agreed to.

Mr. MACDONNELL (Muskoka-Ontario): May we have the minister's statement covering the three?

12. That there be deducted from the undistributed income of a private company on hand at the end of the 1939 fiscal period, the amount of dividends paid by the company before December 31, 1942, that were not subject to tax in the hands of the shareholders by reason of the company having been a family corporation.

Mr. ABBOTT: Yes. Resolution 12 deals with a further purely technical matter relating to private companies. I am afraid the committee may have difficulty in following me in my explanations of these amendments relating to private companies. As the committee will have appreciated from listening to the hon. member for Grey-Bruce, the law is intricate, and this is inevitably so because of the very nature of the subject being dealt with. In arriving at the amount of undistributed income, the law has to provide for the adding up of surplus earned since 1917. Since that date there have been many changes in our law, and the present amendment arises through the fact that at one time in the

history of income tax there was a special provision relating to a class of company known as "family corporations". Shareholders of these family corporations were not taxable on the dividends received from them. The privilege of paying out of a family corporation dividends tax-free continued up to the end of 1942. It is necessary, therefore, in calculating undistributed income on hand at the end of 1939 for purposes of the present tax to exclude therefrom the amount which, subsequently to 1939, was paid out tax-free in the hand of the recipients. The present amendment gives effect to this exclusion.

Resolution agreed to.

13. That a tax be imposed on an individual who holds shares of a private company that paid tax on undistributed income in accordance with section 96 of the Act, which shares were held on December 31, 1944, by a corporation or other shareholder who would not have been liable to tax in respect of dividends on the shares so that the private company was not required to pay tax on the respective portion of undistributed income, such tax to be payable in respect of dividends paid to the individual out of the said respective portion of undistributed income, at the following rates:

(a) where the shares were acquired by the individual in the years 1945 and 1946—at a rate of 15 per cent; and

(b) where the shares were acquired by the individual on or after January 1, 1947—at the rate that the private company would have paid tax on the respective portions of the undistributed income if an individual had held the shares on December 31, 1944.

Mr. ABBOTT: The purpose of this resolution is to block a loophole in the legislation.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister say a word about the two different rates in (a) and (b)?

Mr. ABBOTT: One is at fifteen per cent and one is at some higher rate.

Mr. MACDONNELL (Muskoka-Ontario): And the reason for the difference?

Mr. ABBOTT: The first rate was retroactive, and we did not feel it would be proper to impose anything higher than the minimum rate. On the subsequent one, we gave notice in January that we intended to do so, and that explains the difference in the rate.

Resolution agreed to.

Resolutions reported, read the second time and concurred in.

CRIMINAL CODE

ORGANIZATIONS ADVOCATING OVERTHROW OF CONSTITUTED AUTHORITY

On the order:

Resuming the adjourned debate on the motion of Mr. LaCroix for the second reading of Bill No. 133, to amend the criminal code (illegal organizations).

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): I wonder if, on behalf of the Minister of Justice, I might have the unanimous consent of the house to advert to this order. The house will remember that on three or four occasions, when we were dealing with public and private bills, the Minister of Veterans Affairs (Mr. Mackenzie) declared that this one stood because it was the intention to move that instead of its being read the second time, the subject matter be referred to the committee on human rights and fundamental freedoms as soon as it was set up. If, on behalf of the Minister of Justice, I could have unanimous consent I would move:

That Bill No. 133 be not read a second time, but that the subject matter thereof be referred to the joint committee on human rights and fundamental freedoms.

That committee is to be organized early next week, it might be well if it had this bill before it in determining its agenda.

Mr. SMITH (Calgary West): Perhaps the right hon. minister who is leading the house does not know that this matter is at present before the public accounts committee.

Mr. ST. LAURENT: This is the bill of the hon. member for Quebec-Montmorency (Mr. LaCroix) dealing with the outlawing of communist organizations.

Mr. SMITH (Calgary West): That means illegal organizations, which were discussed all morning.

Mr. ST. LAURENT: This is a special bill dealing with the outlawing of so-called communist organizations. It was understood with the mover of the bill that, as soon as the committee was set up, we would ask that the subject matter be referred to that committee for its consideration.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

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

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to issue securities not exceeding $46,723,000 in principal amount to provide the moneys necessary to meet capital expenditures made or capital indebtedness incurred during the calendar year 1947; to authorize the governor in council to guarantee the principal, and interest of securities issued by the company for the purpose aforesaid; to authorize the making of temporary loans to the said company secured by

such securities and not exceeding $46,723,000 in principal amount to enable the said company to meet such expenditures and indebtedness; with authority to give financial aid and assistance to other companies of the said national system.

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

Mr. MACDONNELL (Muskoka-Ontario): Is the parliamentary assistant going to make some statement about this?

Mr. MAYHEW: This bill is similar to bills that have been presented to the house annually for betterments and improvements to the Canadian National Railways. The bill to be founded on this resolution is for the purpose of providing authority for the financing of capital expenditures of the railway system and the retiring of miscellaneous maturing obligations, either by way of loan from the dominion or by the issue of securities of the company to the public and guaranteed by the dominion. The total amount to be provided for this purpose is limited to $46,723,000, divided as follows:

Additions and betterments (less retirements)	$18,000,000
New equipment	41,500,000
Barraute branch line	2,684,000
Acquisition of securities and retirement of capital obligations	1,057,000

That makes a total of $63,241,000, from which is deducted the amount available from reserves for depreciation and debt discount amortization, amounting to $16,518,000, leaving a total of $46,723,000. The capital budget as set out above was approved by the standing committee on railways.

Mr. MACDONNELL (Muskoka-Ontario): Does that mean this has been before the standing committee on railways during this session, and that these items have been discussed and approved by that committee?

Mr. MAYHEW: That is right.

Mr. MACDONNELL (Muskoka-Ontario): And when they gave this approval did they have before them the budget of the railway? In other words, are they satisfied as to the need for these moneys over and above the earnings the railway is able to make? I mean to say, if the railway committee has made its report, has it had available the estimated earnings of the railway company in order to know whether these additional capital expenditures which this resolution authorizes are justified, having regard to what the railway is able to provide itself?

Mr. MAYHEW: I understand that is correct. If the hon. member will look at page 144 of volume 3 of the proceedings of the committee on railways and canals, he will find a further break-down of these amounts.

[Mr. St. Laurent.]

Mr. MUTCH: The budget and the estimated earnings, as well as the expenditures for the past year, were gone into thoroughly in the committee, and the expenditures here projected were discussed.

Mr. MAYHEW: All we are asking tonight is for the second reading of this resolution. Further debate may take place on the second reading of the bill. We should like to get that far tonight if we can. I am not barring any debate on the second reading of the bill.

Mr. SMITH (Calgary West): We can ask a question or two, can we not? As the resolution reads, it provides for this $46,723,000 for specific purposes. Among other things, it says that it shall be with authority to give financial aid and assistance to other companies of the said national system. I understand that the first item in the break-down the parliamentary assistant has given was one of $18 million. What was that for?

Mr. MAYHEW: Additions and betterments to the road.

Mr. SMITH (Calgary West): Then there is an item of $41 million for equipment, $2 million for branch lines and $1 million for securities. And that amount is less $16 million depreciation. By taking those figures, we arrive, I understand, at the figure in the resolution. You have $73 million or $74 million in the break-down and you take off $16 million. I did not understand what it was for.

Mr. MAYHEW: That was depreciation and debt discount amortization for last year.

Mr. SMITH (Calgary West): What portion of the amount is for financial aid and assistance to other companies of the said national system? That is a general expression; what does it mean.

Mr. MAYHEW: There is the sum of $1,057,000.

Mr. SMITH (Calgary West): It is not in the break-down we were given. Does it come under additions and betterments?

Mr. MAYHEW: The hon. member will find it in the break-down in the report of the railways and shipping committee.

Mr. SMITH (Calgary West): I have been unable to keep up with the reports of the committee, so that if I ask for some information I hope there will be no objection. Where does the amount for other companies come in the break-down we have been given?

Mr. MAYHEW: Some of it is for the Grand Trunk Western and some for the Central Vermont railway system.

Mr. SMITH (Calgary West): Under which of the four items does it come?

Mr. MAYHEW: It comes under the $18 million.

Mr. SMITH (Calgary West): For additions and betterments?

Mr. MAYHEW: Yes.

Mr. MACDONNELL (Muskoka-Ontario): In other words, the words "with authority to give financial aid" are included in these amounts?

Mr. MAYHEW: Yes.

Mr. HAZEN: It would be interesting if we had a comparison between the amount asked for this year and that which was asked last year. I have the resolution before me. At that time $22,550,000 was asked and voted. This year the amount is $46,723,000, or over twice as much as last year. The minister said the first item for additions and betterments came to $18 million.

Mr. MAYHEW: Yes, the even amount.

Mr. HAZEN: Last year the amount was $14 million. This year the amount for new equipment was how much?

Mr. MAYHEW: New equipment was $41,500,000.

Mr. HAZEN: Last year, according to the figures I have here, it was $8,863,000.

Mr. MAYHEW: That is right.

Mr. HAZEN: So that there is a substantial increase there.

Mr. MAYHEW: That is right.

Mr. HAZEN: The next item was in connection with the building of the Barraute railway.

Mr. MAYHEW: Yes.

Mr. HAZEN: How much was that?

Mr. MAYHEW: It was $2,684,000.

Mr. HAZEN: We had no such item as that last year; but we did have an item of $7 million for the acquisition of the Manitoba railway. The next item was for the acquisition of securities. How much was that?

Mr. MAYHEW: This year or last year?

Mr. HAZEN: This year.

Mr. MAYHEW: It is $1,057,000.

Mr. HAZEN: Last year the amount was $410,000.

Mr. MAYHEW: No, it was $840,000. That was for acquisition of securities and retirement of capital.

Mr. HAZEN: The amount for acquisition of securities, as it was given last year, was $410,000. I am reading from page 4312 of *Hansard* for August 5, 1946; is that correct?

Mr. MAYHEW: This $840,000 seems to be the correct amount. I am informed that is the amount which was submitted to the committee, and I understand the hon. member was a member of it.

Mr. HAZEN: I am reading from your own statement, of August 5, 1946, as it appears at page 4312 of *Hansard* for last year. You say there that the acquisition of securities was $410,000. Is that wrong?

Mr. MAYHEW: I am afraid I cannot answer that. I shall have to take a note of it, and see if I can answer it later.

Mr. HAZEN: Thank you. Then, the parliamentary assistant gave us this evening an item for retirement. Was there any retirement of securities?

Mr. MAYHEW: No, there is no retirement. That will be done under refunding.

Mr. HAZEN: What is the total amount you gave us this evening.

Mr. MAYHEW: It is $46,723,000.

Mr. HAZEN: Did you deduct something from that?

Mr. MITCHELL: Surely this is not cross-examination.

Mr. HAZEN: No, it is not cross-examination at all. I am trying to get information.

Mr. MITCHELL: Why don't you sit down when the parliamentary assistant is answering the questions.

Mr. HAZEN: I am putting questions and I have a perfect right to do so.

Mr. McCULLOCH (Pictou): The hon. member was in the committee.

Mr. HAZEN: I was in the committee; but it does not stop me from asking these questions.

Mr. McCULLOCH (Pictou): You could have asked them in committee.

Mr. HAZEN: I am asking them now, and I have a right to do so.

Mr. MITCHELL: You have a right to do so but do it properly.

Mr. MAYHEW: Probably the hon. member did not hear me.

Mr. HAZEN: It is difficult to write these things down, and I am trying to have it correct.

Mr. MAYHEW: If you wish to take them down I will give them to you.

Mr. HAZEN: I think I have them now, with one exception, namely the last one. May I have that again?

Mr. MAYHEW: The last one was $16,518,000.

Mr. HAZEN: What is that for?

Mr. MAYHEW: That is depreciation and debt discount amortization.

Mr. HAZEN: And what does the whole thing total? Do you add that $16 million, or do you deduct it?

Mr. MAYHEW: Naturally you take it off the total.

The DEPUTY CHAIRMAN: Order. Two hon. members should not be standing at the same time.

Mr. HAZEN: I may be asking questions too fast; perhaps I should ask one at a time. I am not clear about the $16,000,000, and I should like the parliamentary assistant to explain whether that is added or deducted.

Mr. MAYHEW: That is the amount available from the reserves which is deducted from the amount which will be spent on the railroad of $63,214,000, leaving a balance of $46,723,000.

Mr. SMITH (Calgary West): I was not a member of the committee, and I should like to know where this branch line for which $2,600,000 is asked runs. Is that an estimated amount; has the contract been let, and is the work under construction?

Mr. MAYHEW: It is under construction and $50,000 was spent last year. It is planned on spending the amount which I gave this year.

Mr. SMITH (Calgary West): Is it on contract?

Mr. MAYHEW: The total amount for the whole road is $3,234,367.

Mr. SMITH (Calgary West): Is that an estimate or a contract price?

Mr. MAYHEW: It is an estimated price.

Mr. SMITH (Calgary West): Is the railroad company building it?

Mr. MAYHEW: The Minister of Transport will probably be able to answer that. Most likely he will be here when the bill is up for second reading.

[Mr. Mayhew.]

Resolution reported, read the second time and concurred in. Mr. Mayhew thereupon moved for leave to introduce Bill No. 258, 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 1947, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to and bill read the first time.

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

Monday, June 2, 1947

The house met at three o'clock.

PRESIDENT TRUMAN

ARRANGEMENTS FOR VISIT TO OTTAWA, JUNE 10-12

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I am pleased to be able to announce that the President of the United States of America will visit Ottawa on Tuesday, Wednesday and Thursday of next week. The president will be accompanied by Mrs. Truman and Miss Truman.

The invitation to visit Canada was conveyed some time ago to the President, on behalf of of the government, both by His Excellency the Governor General and by myself as Prime Minister.

I am sure it will be gratifying to hon. members that, notwithstanding personal anxieties of recent weeks, the President has found it possible to carry out his visit as planned. Hon. members will likewise be delighted that Mrs. Truman and Miss Truman will be with the President.

The President and his official party will leave Washington on the afternoon of Monday, June 9, and will arrive at Ottawa at 3.30 p.m. on Tuesday, June 10. The President will be met at the Canadian border and be accompanied to Ottawa by the Secretary of State for External Affairs (Mr. St. Laurent), and Mr. Atherton, the Ambassador of the United States.

On arrival at Ottawa, the President and Mrs. Truman will be met by His Excellency the Governor General and the Viscountess Alexander and by myself. Others present will include Madame St. Laurent and Mrs. Atherton, the Canadian Ambassador to the United States and Mrs. Wrong, and His Worship the Mayor of Ottawa and Mrs. Lewis.

The President's train will not be brought in to the Union station, but will be stopped at Island Park drive, to permit of the President and his party approaching the city and driving to government house by way of the experimental farm and the canal driveway, as was arranged at the time of the visit of the King and Queen. A guard of honour will be mounted at Rideau gate. On the President's arrival at Government house, there will be a salute of 21 guns.

In the evening, a state dinner and reception will be given at government house by Their Excellencies the Governor General and Lady Alexander.

On the morning of Wednesday, June 11, the President will address a meeting of members of both houses of parliament. Hon. members are asked to assemble in this chamber at 11.30 a.m. The proceedings will commence at 11.45 and will be broadcast over a national network of the Canadian Broadcasting Corporation.

At 12.30, at the conclusion of the morning's proceedings, the President will leave the parliament buildings by the main entrance, and will drive by way of Bank street, Laurier avenue and Elgin street, to the national war memorial, where the President will lay a wreath at the foot of the memorial.

Following this ceremony, members of both houses will be afforded the honour of meeting the President at a parliamentary luncheon to be held at the Chateau Laurier.

The President and Mrs. Truman have kindly accepted an invitation to be my guests at dinner at Laurier house on Wednesday evening.

Thursday, June 12, is being kept free of official engagements so that the President and his party may have a day for relaxation. In the evening, the President and Mrs. Truman will be the guests of the United States Ambassador and Mrs. Atherton at dinner at the United States embassy.

The President will leave Ottawa, by train, later the same evening.

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, may I be permitted to say a word on behalf of the official opposition concerning the announcement just made by the Prime Minister?

We are delighted to learn that President Truman is to visit Canada while parliament is in session. It is always a great privilege and pleasure to receive the head of the United States, our cousin nation and trusted ally. Particularly is that so on this occasion, because senators and members, representing Canadians from coast to coast, will be able to participate in the welcome and to hear the President speak on the floor of the Canadian House of Commons. His visit is one more indication of the good will prevailing between our peoples. Quite apart from the formal welcome to the President, we are glad to welcome him, his wife and daughter, as individuals. I am sure I speak for all members of the house when I say we feel that they are old friends. We have noticed their great capacity for friendliness, that trait which is so characteristic of citizens of the United States. We of the official opposition trust that our distinguished visitors will thoroughly enjoy their stay in Canada.

Mr. M. J. COLDWELL (Rosetown-Biggar): May I immediately associate the C.C.F. party with what the acting leader of the opposition has so well said. I think he expresses the feeling of all of us when he says we are delighted to hear that the President of the United States has accepted the cordial invitation extended by the government and will be among us as the representative of a great people. I think we can all assure the Prime Minister that the invitation will be appreciated by the Canadian people—the acceptance of it even more so—and that they all will join in welcoming President Truman as the head of our great and friendly neighbour.

Mr. SOLON E. LOW (Peace River): I take much satisfaction in joining with the two speakers who have preceded me in saying how much we appreciate the Prime Minister's announcement. We look forward with keen anticipation to hearing the President of the United States receive the welcome which I am sure the people of Canada will accord to him.

IDENTIFICATION OF CRIMINALS

EXTENSION OF ACT TO PERSONS CHARGED WITH EXTRADITABLE OFFENCES

Right Hon. J. L. ILSLEY (Minister of Justice) moved for leave to introduce Bill No. 259, to amend the Identification of Criminals Act.

He said: This is a short bill extending the provisions of the Identification of Criminals Act from those charged with indictable offences to those charged with extraditable offences.

Motion agreed to and bill read the first time.

INTERPRETATION ACT

PROVISION FOR CORRECTION OF ERRORS, ETC.

Right Hon. J. L. ILSLEY (Minister of Justice) moved for leave to introduce Bill No. 260, to amend the Interpretation Act.

He said: This bill cannot be explained in a sentence or two. It corrects some errors in the Interpretation Act and brings it up to date in several respects. It will be necessary to make these corrections before the work of consolidating or revising the statutes is undertaken, which should be some time within the next few years at the latest.

Motion agreed to and bill read the first time.

LABOUR CONDITIONS

DISPLACED PERSONS BROUGHT TO CANADA BY INDUSTRIALISTS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I desire to ask leave of the house to move, seconded by the hon. member for Vancouver East (Mr. MacInnis), the adjournment of the house under standing order 31, for the purpose of discussing a definite matter of urgent public importance, namely the action of the government in authorizing certain Canadian industrialists to select individuals from displaced persons' camps in Europe and bring such individuals to work in Canada under contract, it being the traditional policy of parliament that the importation of indentured labour should be completely prohibited, which means that the selection of displaced persons and refugees and their admission to this country should be directed entirely by the federal government with a view to resettling these people as free human beings in such a way as to serve their best interests and those of the Canadian people as well.

Mr. SPEAKER: I thank the hon. gentleman for sending me a copy of the motion before the opening of the house. Is it the pleasure of the house that the hon. gentleman be given leave to move the adjournment of the house?

And leave having been given:

Mr. COLDWELL: Mr. Speaker, I should explain at the outset that I am introducing this motion for the adjournment of the house in order that we may discuss this matter, which is of urgent public importance in view of the reports which have been appearing in the press that industrialists have proceeded to the displaced persons' camps in Europe in order to select persons for their industries in Canada. I should also like to say that I regret that the hon. member for Beauce (Mr. Dionne) is not in his seat this afternoon. I did send him a note before lunch telling him that I was going to raise this question, and I was hoping that he would be present this afternoon.

[Mr. Ilsley.]

If we look over the correspondence which has been tabled in the house and the various reports which have appeared in the press, it will be evident at once why it is that we have thought it well that the House of Commons should have an opportunity of discussing the policy which underlies the movement of these persons to Canada at this time. The other afternoon I asked a question of the Minister of Labour (Mr. Mitchell) and referred to the Alien Labour Act, which is chapter 109 of the revised statutes of Canada, referring him particularly to section 2. I said at once that I knew there were certain sections in that act which gave the government power to do anything that was necessary in order to promote immigration into Canada; but I would draw the attention of the house to what I believe has been the traditional policy not only of this parliament but of the parliaments of the British commonwealth. Section 2 in its principal words says:

> It shall be unlawful for any person . . . to prepay the transportation or in any way to assist, encourage or solicit the importation or immigration of any alien or foreigner into Canada, under contract or agreement . . . to perform labour or service of any kind in Canada.

So I submit at the outset that this action on the part of the government in permitting industrialists to go to Europe at this time and bring labour into this country under contract is a violation of the intent of this law. I say at once, of course, that I do not regard the bringing into Canada of persons by their relatives, under permission granted by this house through orders in council that have been tabled, as a violation of this law; but I also want to say that from time to time we have had individuals asking for the admission to this country of their relatives, and we have found it very difficult indeed to obtain permission for them to bring their relatives to this country, for a good many reasons. Yet in this particular instance, and in the instances now under discussion in the country, every facility is being given for medical examination, immigration inspection and so on, in order that these people may be brought into the country under contract.

I would draw the attention of the house to the letter written to the then Secretary of State on October 9, 1946, which was included in the correspondence tabled at my request, and to which there was no reply. In that letter the hon. member for Beauce said:

> We are producing about two carloads, nearly one-third of the machineries are idle and there is such a turn-over of female help that we are practically operating with learners most of the time. For instance, last year we had a turnover of 555 girls in this plant.

At the time that struck me as being a large turnover. If we turn to the Montreal *Gazette* of Saturday last, May 31, we find a statement attributed to the hon. member for Beauce, I think in error, since I believe it should have been attributed to his manager who was making the statement surrounding it, as follows:

> There are about 425 employees in the plant, and all seem to be quite satisfied with their working conditions.

If there are only 425 employees in the plant and in the previous year, according to his own words, there was a turnover of 555, I submit that careful investigation should have been made before this permission was granted. In the same letter to which I have just referred we find this statement:

> The situation here is very bad regarding female help. Last year I built ten nine-apartment houses to take care of large families. I have kept a man with an automobile travelling all over the province since a year to gather poor families that could not find their living in the agricultural places, and which had four or five girls for a family. Up to date I have been successful to bring only seven families.

Then this very interesting sentence follows:

> The trouble seems that the people have too much money to spend.

That should have immediately warned the government that the reasons for bringing in these girls might not have been those which have been stated across the country. "The trouble seems to be that the people have too much money to spend."

It is our opinion that under no circumstances should the government permit an individual employer to go abroad and import contract labour into this country. We want to see every facility provided for bringing to this country displaced persons who are suffering in the displaced persons' camps; but we think that should be done under the most careful supervision of the department of immigration, of the proper officials of the government and of this House of Commons, and not left to any individual or group of individuals who have a vested interest in the labour of distressed people, who may desire to go overseas and bring back contract labour. In the Montreal *Gazette* of last Saturday I find that the manager of the plant made this statement to the press:

> After the girls have paid back their fares, approximately $300 each, they are free to leave at any time.

One of the girls stated:

> We signed a contract to work for Mr. Dionne for two years. We are not allowed to leave or get married during that time.

The statement of the girl herself is that this is part of the contract. I say immediately that I saw a denial of that in the paper today.

Mr. MITCHELL: My hon. friend is a married man. He should know you cannot make a contract like that.

Mr. COLDWELL: My hon. friend the minister says you cannot make a contract like that. I want to say to the Minister of Labour and the acting minister of immigration that the contract should have been tabled in this house. I asked for it, and I expected it to be found among the papers that were tabled; but the contract was not there. If this is not part of the contract, we would have known it immediately had the contract been tabled in the house. I quite agree with the Minister of Labour that if this is in the contract it is not or should not be an enforceable clause; but the very fact that this girl stated it was part of the contract lends colour to the belief that they think it is in the contract, in any event, whether or not that is so. Of course the two statements I have just read are conflicting. According to the first one, after the girls have paid back their fares of approximately $300 they are free to leave at any time. With regard to the marriage provision, in the Toronto *Star* in its night edition of May 31, 1947, which is in the parliamentary reading room, the manager of the plant, a Mr. Adams, is quoted as saying:

> It is a disgrace for a married woman to work down here no matter how great her need.

This may lend some colour to the suggestion that these girls were warned that they were not to marry within the two-year period.

Now I come to another very serious side of this whole matter. What are the conditions under which these girls are to work in that plant? What are the conditions under which the men will work who may be brought in by industrialists who are said to be going to Europe to choose people for the logging industry? Are these conditions to be agreed upon with representatives of the workers, or are the conditions to be laid down by an individual employer, or between employer and employee only? I notice that one of the employees in the rayon industry, Gedeon Rancour, is quoted as having said:

> There are local girls who asked for jobs two weeks ago at the Dionne mills and were refused.

Apparently the conditions in the plant are such that the local girls will not take jobs there. The same man, Rancour, who was an employee of the plant, said that—

> After working six years as a machinist at the Dionne mills, he was fired early this week, for

his union sympathies. "After six years I was making only 47 cents an hour, or $28 a week."

"I have heard of only one man in the plant who is making 50 cents an hour," he continued. "Another, a machinist makes 55 cents an hour. The highest is a maintenance man who makes 60 cents an hour. Last week Lucien Pelletier, the plant superintendent, called me into the foreman's cloak room and said: 'You have kicked about the Polish girls coming here. Two union men have been here and you seemed happy about that. You had better leave'."

If that statement is true it gives a clue to one of the reasons why the employer is anxious to bring this type of labour into the plant, and why it is that there is no union in this particular plant.

The organizer for the Textile Workers of America, Bob Gareau, is quoted as follows:

"I have never been in a town where I have been so enthusiastically received," he said. "I have talked to most of the Dionne employees and I have had men who are heads of families tell me they are making no more than $14 a week. One girl told me she is making $11 a week and that her father is making $15 a week. I haven't spoken to a man yet who makes more than $28 a week. Most of them make from $11 to $15."

If these conditions are as outlined in the public press then I say the government of Canada, and particularly the department of immigration, have been derelict in their duty in not going into this matter more carefully than apparently has been done, and seeing to it that these girls were not brought into the country under the conditions which have been described.

It is true that arrangements have been made for their reception. I have no doubt that the conditions under which they will live will be good morally, but that does not in any way mitigate the situation.

No one can accuse me of having religious prejudices. By way of preface I should say that back in 1920 and 1921, when I was an officer of the teachers federation in my province, my own church, the Anglican church, set out to bring in a number of teachers on the basis of their being members of that church. I opposed that, because I did not think religion should in any sense govern the entry of a person into Canada or his employment when he gets here. It is unfortunate that the religious angle enters into this matter at all, and that the people who come in are chosen for their religious faith. It is a mistake, and it is something the government and all of us will regret.

I say again that we are not opposed to the bringing of persons to this country from displaced persons camps. We have urged it. We have urged it publicly across the country, and in this house. We have joined with others on all sides of the house and in the country in urging that Canada should do more for these suffering people than she has done up to the present time. I repeat that now. But, sir, we have an obligation to the people in displaced persons camps who are to be brought here, to see to it that conditions under which they come are such as we would expect a free Canada to provide for them on their arrival—people who should have come here, as the motion to adjourn says, as free human beings and not as contract labour.

The history of this parliament and of parliaments of nations of the commonwealth associated with us are filled with discussions of indentured labour, and over the week-end I looked up some of these discussions. In the discussions which occurred in 1905 and 1906 in the British House of Commons I saw how repugnant indentured labour was to the Liberal government which was elected in Great Britain in 1906. Indentured labour should be equally repugnant, not only to a government which calls itself Liberal—with a capital L—but to those in this country who share what we call the liberal tradition, with a small l—that condition of freedom of thought, freedom of action and freedom of association we all prize so highly.

The Minister of Labour has entered into agreement regarding another group of people who are now in camps. But when one contrasts the agreement which has been entered into with respect to this other group with the understanding or the contract under which these girls are entering, and the guarantees which the men are to receive in the logging industry, one sees immediately the great difference. I understand that there is a shortage of skilled labour, for example, in the three needle workers trades. The manufacturers and the three unions involved I am told have cooperated and have seen the Minister of Labour, have come to an understanding among themselves—and I believe the Minister of Labour has approved that understanding—for the relief of that shortage of labour in the textile or needleworking trades by the entry into this country of suitably skilled persons.

The international ladies garment workers, the hat and millinery workers, and the men's garment workers organization—the amalgamated clothing union—entered into negotiations which the manufacturers and with the minister, with the result that they unanimously agreed that the government should permit the entry of several hundred skilled persons recruited from displaced persons camps for the industry. They are to be screened by the government, and the government is bringing them in. The government

is to supervise the immigration of these people in every particular, although it is suggested, I am told, that liaison persons representing the unions and the industry might accompany the officials in order to see that the persons so chosen are skilled labour as required. But the agreement is that such persons as come in under this arrangement shall not be called upon, I am told, to assume any responsibility, personally, other than that which any other immigrant would assume in coming to this country—not even repayment of their travelling expenses. It is laid down that the employer shall provide union wages and conditions for the workers who come in for entry into these trades. That is an entirely different kind of agreement from the one under which these girls are coming in. There is no stipulation that they shall join unions—although I say frankly it is quite likely they will, because it so happens that the trades I have just mentioned are pretty well organized, and in all probability they will join their unions.

I know it is said that we run the risk of bringing communists into this country. Well, there has been careful screening of those in the displaced persons camps in Europe, and in the main I would say that practically in all cases the people who are communists have returned to their countries of origin, or, if fascists, have been evicted. The communists have governments with which they agree. In all probability the people who remain in the displaced persons camps are those of various political views, many of them similar to the views held by hon. members on various sides of the house, including those of the party for which I am speaking today.

The understanding I have just mentioned is the kind of planned entry into Canada of which one can approve. It is filling a need in Canada; it is extending to people who have been given asylum and refuge an opportunity to find a home under proper conditions in this country, and to become, as we all are, free citizens of a free country, free to associate and to do as they please as long as they turn out their day's work according to the best of their ability and observe the law.

Should anything go wrong with any one of the Polish girls, and should the department of immigration be called upon to deport her—perhaps not for a violation of the contract, because that could not be done, but for some other misdemeanour under the regulations—to what country is she to be deported? These girls are not German citizens, even though they come from Germany. They are Polish nationals. May I say to the Secretary of State for External Affairs (Mr. St. Laurent) that it would have been at least the kind of courtesy for which the right hon. gentleman is so deservedly known to have notified the minister of the Polish government in this city that this large group of Polish nationals was coming into this country.

Mr. BRADETTE: A farce.

Mr. COLDWELL: I say it would have been a courtesy to do so. Others may not agree with that point of view, but if any one of these girls has to be deported to Poland, what will happen? May I say to the hon. gentlemen who are objecting, the Polish government is a government friendly to this country; it is a government with which we maintain friendly relations. I am a little bit tired of hearing friendly governments—I may disagree with their ideology, but a year or so ago they were our gallant allies and they were praised to the skies for the sacrifices that they undertook in the common cause—being met with the kind of response that we have just heard when I said it would have been a matter merely of courtesy to let the Polish minister know, because at some time or other one or more of these Polish nationals may have to be returned to the country of origin.

The bringing of indentured labour into this country is against all the traditions of our democratic institutions. I could find no precedent for it in recent years. In order to find a precedent I had to go back to the early days of this century when employers brought oriental labour into this country for their railroad operations. I am not comparing the conditions under which these girls are being brought in with the conditions under which that labour was brought in, but I am saying that this is a violation of our traditional position; it is a violation of human rights and fundamental freedoms; it is a violation of the principles we approved when we signed the charter of the united nations. These people should have come in under the control of the government of Canada and under conditions which had been carefully looked into to see that they were to be given every opportunity of being integrated into the life of this country as Canadian citizens and finding happy homes here.

I have moved that we adjourn in order to discuss this matter which is of particular urgency because of the press reports which tell us, first, that if this experiment is satisfactory as far as the owner of this mill is concerned, other girls will be brought into the country under the same conditions; and second, that other industrialists are going over on the same sort of mission. We say that if we are to have a planned immigration policy

for the relief of human misery it should be carried out by this parliament; it should be done according to the best traditions of Canada. As members of this House of Commons we should say in no uncertain terms that we disapprove the manner in which this deal was undertaken.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, it is not necessary to tell you that I rise to speak on this motion without any notice. Obviously there is no notice of a motion of this kind. May I congratulate the hon. member (Mr. Coldwell) who has just taken his seat. I agree heartily with him that this is a matter of urgent public importance, and I am pleased indeed that he moved the motion he did.

In dealing with this matter we find that there are two desirable things which to some extent are in opposition to one another; hence our thinking may be a bit confused. I am sure we are all agreed that this country should do all it possibly can for the people in displaced persons camps in Europe. On the other hand we are aware that certain industries are short of labour; certainly labour is very short indeed in some of the heavier industries. So we want two things: We want to assist these persons, who are living under conditions which are far from favourable, and at the same time we want to supply our industries with necessary labour. It seems to me that the only place where there is any room for logical difference is as to the methods employed to bring about those two most desirable objectives.

I must say that I go a long way with the leader of the C.C.F. (Mr. Coldwell) on the broad statement that he made, that this should be a matter of general government policy. I realize that it must be government policy, and I use the word "general" for this reason: it is not so long ago that we in this House of Commons were discussing and dealing with a general immigration policy. It seems to me that if at that time there was in the mind of the government the idea of bringing in contract labour, it should have been disclosed then. We should not have been left in the position of having an announcement made as a *fait accompli,* having the order in council already passed and the announcement made that the man was in Europe, that being the first we learned about it in the House of Commons.

I make that criticism, sir, with very great respect. I fully realize that many things have to be done quickly in order that any government may operate, but it does seem to me that this is a sharp departure from the policy which has been followed in this country for a long time, and that it should not have been done without the house first having been taken into the confidence of the government. I realize that the minister of immigration has been ill, and that it may take some time for other persons to take over his onerous duties, but it is at least unfortunate that the house did not have an opportunity of discussing this sharp departure in policy until after the thing had actually been done.

I turn to another side of the picture, and that is the legal question. I am not going to decide it at the moment; I think that is probably the government's headache. Offhand I think the hon. member for Rosetown-Biggar (Mr. Coldwell) is a little wrong in his law and that he will find an exception in the act which bars its application to the circumstances we have at the present time. I am not going to say anything more with respect to this particular problem except to emphasize once more what we have tried to emphasize all along in this house, and that is that major changes in policy are matters for the House of Commons, and we should not be told about them after they have taken place.

With respect to the separate issue in the mills outside of Montreal I intend to make no comment. I feel that I have not sufficient facts on which to comment. I am sorry that the hon. member for Beauce (Mr. Dionne) is not here, because it seems to me that he could have had many things to say which might have cast a different light on the reports we are getting through the press. So with respect to that I say nothing by way of either criticism or commendation, except that I relate it as a glaring example of a change in traditional policy, to use the phrase used by my hon. friend. With respect, sir, may I suggest that matters of this kind be brought before the House of Commons where we can do a bit of digging when a change in policy is contemplated? I agree with the change. We are all flooded with letters from persons who want to come here but who perhaps do not come within a certain degree of relationship and so on, but we shall never fulfil our industrial needs with that class. It seems to me important that we shall not leave here without having something more definite than farm work regulations in order that the industry of this country may be able to carry on, and in order that we may not have the type of unfavourable newspaper publicity that we have had in the past two weeks in respect to these one hundred poor girls who think

they may be moving into heaven and who certainly have come from almost unbelievable hell.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, I do not wish to detain the house very long, but I do feel that I should say just a word. I believe that the hon. member for Rosetown-Biggar (Mr. Coldwell), the leader of the C.C.F. party, has performed a real service to this country by bringing before the house this question of the importation of indentured labour; for that is exactly what it is. It has no relationship whatever to an immigration policy; it is strictly the importation of indentured labour, and I speak for this group when I say that we are opposed to that practice. It does not relate itself in any way to a well-defined democratic immigration policy.

I believe, too, as the hon. member for Calgary West (Mr. Smith) has said, that there are grave doubts in the minds of the people across this country whether the practice may not become a fixture. I do not want to see anyting like that in this country.

The purpose of an immigration policy, it seems to me, should be twofold: in the first place to help populate this country with desirable people and in the second place to do our share at least in assisting these unfortunate souls who find themselves today in the displaced persons camps in Europe. I want to see Canada do her share in that, of course, but I should like to see those who do come to Canada brought here under the careful supervision of this government and of this parliament, and not under contract to any industrialist. I am definitely opposed to immigration by vested interests. Our group in this house are united in demanding a well-defined and comprehensive immigration policy that will be operated in the interests of the people of Canada and of the people who do come to Canada. We certainly cannot hold up our heads with pride in what we do unless the people who come to our shores come as free men and free women.

I am surprised in the extreme, Mr. Speaker, that the government of this country has permitted an industrialist to go over to Europe and to select, to screen by himself, to inspect or to arrange for inspection and obtain transportation for substantial groups of workers and bring them to this country in a comparatively short period of time. I have had considerable dealings with the Department of Immigration in an effort to open the door to desirable Europeans, and I find excuses being given all the time, excuses like this: Oh, we cannot do anything now because we have not the facilities for inspection; we have no facilities for gathering these people and seeing to it that they have no communicable diseases; furthermore, we cannot possibly get transportation to bring them here. That is what is said when applications are made to bring in men, women and children, relatives of those who originally came from Europe and have been good citizens of Canada for many years. I say it is a reflection on the government and it certainly is a condemnation of the lack of definite immigration policy, that these worthy people have been denied entry to our country while at the same time industrialists are able to go from this country to Europe and gather together the people they want and bring them here under special contract, and in a very short time. I am not at all satisfied that the sort of thing that is being done by the member for Beauce is in any way in the interests of this country.

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, while this is purely an immigration question and comes under the jurisdiction of that department, my department is to some degree tied up with the present immigration policy. The hon. member for Rosetown-Biggar (Mr. Coldwell) spoke this afternoon of indentured labour and referred to conditions in Britain in 1906 under the Liberal party. No one knows better than my hon. friend that you cannot compare this policy with the conditions that existed in South Africa at that time.

Mr. COLDWELL: I am talking of the principle of indentured labour.

Mr. MITCHELL: I am talking of the same thing. I have a vivid recollection of what happened in 1906.

Mr. MACKENZIE: So have I. I was there, and I know it.

Mr. MITCHELL: I was in Great Britain at that time. This is just a red herring that my hon. friend draws across the trail—purely propaganda.

Mr. MACKENZIE: Socialist nonsense.

Mr. COLDWELL: I did not use it in that way.

Mr. MITCHELL: You cannot blow hot and cold on this thing. People in this country who are great champions of the displaced persons in Europe, when a move is made by this government, at once throw up a political smoke-screen to destroy the policy set in motion.

Mr. LOW: This is not a policy.

Mr. MITCHELL: You can call it what you like.

Mr. COLDWELL: We appreciate a proper policy.

Mr. SPEAKER: Order.

Mr. MITCHELL: My hon. friend talks of slavery and the Polish people in these displaced persons camps. Why do they not want to go back to Poland? Let him ask himself that question.

Mr. COLDWELL: I do not want to send them back from this country.

Mr. MITCHELL: I listened to my hon. friend when he was making his speech; I did not interrupt him when he talked about the Polish people. I agreed with him that we should not take too seriously what we see in the newspapers. The other fellow has a right to be heard. My hon. friend, who has a sense of justice, should have at least waited a couple of days and held the inquest when the hon. member for Beauce (Mr. Dionne) was in his seat.

Mr. COLDWELL: I expected that he would be here.

Mr. KNOWLES: He is a member of the house.

Mr. COLDWELL: He is a member of this house; his place is here today.

Mr. NICHOLSON: Has he permission to be absent all this time?

Mr. MITCHELL: He got back only yesterday.

Mrs. STRUM: How long has he been away?

Mr. MITCHELL: If my hon. friend had travelled as many miles as the hon. member in question has travelled, she would not be here either. There are people in the House of Commons who have something else to do besides play politics.

Mr. COLDWELL: He was elected to do a job in the House of Commons.

Mr. KNOWLES: Was he on government business?

Mr. MITCHELL: You can't take it. You were in Winnipeg a week attending a convention.

Mr. SPEAKER: Order. I would remind hon. members that an hon member who has the floor should not be interrupted without his permission.

Mrs. STRUM: The minister is drawing a red herring across the trail.

Mr. MITCHELL: There is an element of what we sometimes call British justice. I am convinced of this, when the hon. member is here and after hon. members have listened to his side of the question they will not be so severe as they have been in the last few days.

My hon. friend talked of precedents. I do not think there is a precedent for the displaced persons camps in our lifetime. When we bring these people to Canada in large groups the government has some responsibility.

Some hon. MEMBERS: Hear, hear.

Mr. MITCHELL: Wait a minute.

Mr. COLDWELL: That is what we have been saying.

Mr. MITCHELL: I am glad to hear my hon. friends say "hear, hear."

Mr. COLDWELL: Assume that responsibility.

Mr. MITCHELL: We have some responsibility in that regard.

Mr. NICHOLSON: What are you doing about it?

Mr. IRVINE: What are the responsibilities?

Mr. SPEAKER: Order.

Mr. MITCHELL: If my genial friend from Cariboo will keep quiet for five minutes we shall get along in what I am trying to do. I think we have some responsibility in this regard. Recently under the jurisdiction of my department there was a movement of Polish soldiers from Great Britain and Italy. In connection with that, of course, there was an understanding. You can call it a contract if you wish. There was an understanding. Why should there be an understanding? I do not know what this contract is at the moment.

Mr. COLDWELL: You should.

Mr. MITCHELL: I know I should know everything, but unlike the hon. member I do not. There was an understanding. When you bring people into this country in the mass or in large groups there is responsibility on the government of the day.

Take my hon. friend's province of Saskatchewan.

An hon. MEMBER: You take it.

Mr. MITCHELL: No, you take it; I do not want it. You may have it. My hon. friend knows there was a recent case of ill treatment of a Polish soldier in Saskatchewan.

Mr. COLDWELL: I do, yes.

Mr. MITCHELL: Fortunately it is the only instance that has come to my attention since the movement of these men to Canada.

but we have some responsibility to that young Polish soldier to see that he is placed on another farm where he will be assimilated into the life of this country.

Mr. COLDWELL: He was not under a contract to stay where he was.

Mr. MITCHELL: You cannot blow hot and cold on this thing; you have to assume some responsibility. How did these people come into Canada under the terms of the order in council? It is perfectly clear that they came here under the minimum wage laws existing in Quebec. Let me say this about wages. I do not know what it costs to live in this town of St. Georges in Quebec. Do not forget this: I have been a high wage man all my life: I think that is well known in the house.

Mr. KNOWLES: Did the minister say "highway"?

Mr. MITCHELL: I want to say this to my hon. friend—

Mr. COLDWELL: I thought better of the minister than that.

Mr. MITCHELL: I wish to say to my reverend friends and school teachers across the way that at least I worked in industry for my living.

Mr. COLDWELL: The rest of us did.

Mr. MITCHELL: When I left Hamilton I belonged to an organization that was the highest paid of its class in the trade in the dominion. I have always been a high wages man; I believe in it. But do not forget that wages are relative, as I shall indicate before I get much farther. I do not know what it costs to live in St. Georges. I am not defending the minimum wage laws of the province of Quebec, not for one minute. But I would guarantee that the cost of living in that community is somewhat different from what it is in New York city or in the city of Montreal.

Mr. MACKENZIE: Or in Ottawa.

Mr. MITCHELL: Or even in Ottawa, as my hon. friend knows quite well. What is the policy? My hon. friend talked about precedents. What is the policy of the British government in this regard? It is not any different from our own.

Mr. COLDWELL: Yes, it is; the trades unions are helping to bring these people in.

Mr. MITCHELL: Wait a minute.

Mr. COLDWELL: No one comes in without the consent of the trades unions.

Mr. MITCHELL: Let the record speak for itself. May I say this about the trade unions and the criticism which has been directed to my department and the department of immigration in connection with this matter, and about some of the statements made over the air by a half-wit who sits in this gallery. What was said yesterday afternoon does not add anything to the problem.

Some hon. MEMBERS: Which gallery?

Mr. MITCHELL: Let us take the question of a contract.

Mr. COLDWELL: Why attack a man who cannot reply?

Mr. MITCHELL: He attacked me yesterday afternoon when I could not reply.

Mr. COLDWELL: I heard it. I thought it was a defence of the minister.

Mr. MACKENZIE: You are attacking Dionne when he is not in the house.

Mr. COLDWELL: He ought to be here.

Some hon. MEMBERS: He should be in the house.

Mr. MACKENZIE: Your own men were away at Winnipeg for ten days.

Mr. BRUNELLE: Half the C.C.F. are away today.

Mr. COLDWELL: Look around you and see how many of your own followers are away.

Mr. McCANN: Ring the bell and see where they are.

Mr. MACKENZIE: Ring the bell.

Mr. COLDWELL: Four complete rows of empty seats.

Mr. MACKENZIE: You were beaten last week; you just cannot take it.

Mr. MITCHELL: I hold in my hand a leaflet for issue to displaced persons of the British Minister of Labour and National Service which reads:

Volunteer scheme for recruitment of displaced persons for employment in Great Britain.

Mr. COLDWELL: This is from whom?

Mr. MITCHELL: The British Ministry of Labour.

Mr. COLDWELL: Not some employer?

Mr. MITCHELL: No, the British Ministry of Labour.

Mr. MARTIN: A socialist government.

Mr. MITCHELL: I read:

Conditions of work and rates of pay. The general range of weekly time rates of wages for unskilled men in Great Britain varies according to the occupation from 80s. to about 100s—

Mr. COLDWELL: A week.

Mr. MITCHELL: A week. I continue:

—and for skilled men from about 90s. to about 120s., for unskilled women the range is about 50s. to 65s. Skilled workers in a number of industries are paid at piece rates which enable the average worker to earn more than the minimum time rates. Normal full-time hours of work generally range from 44 to 48 hours per week.

In the case of female domestic workers in hospitals and similar institutions in England and Wales, the minimum wage is 64s. for a forty-eight hour week, with a deduction of 23s. a week for food, accommodation and laundry, leaving a cash balance of 41s. In Scotland the deduction for food and accommodation is 25s., leaving a cash balance of 39s. If my hon. friends wish to do so, they will be able to work that out for themselves; I think the rate of exchange is about $4 to the pound. These are the conditions of entry. Workers will enter Great Britain for an initial period of twelve months subject to good behaviour and to the specific condition that they undertake only employment selected by the Ministry of Labour and National Service—

Mr. COLDWELL: By the Ministry of Labour!

Mr. MITCHELL: That is all right. That is just what we are doing.

Some hon. MEMBERS: Oh, oh!

Mr. COLDWELL: No; that is just what we object to.

Mr. MITCHELL:

—and on the clear understanding that they will only be allowed to change their employment with the consent of that department.

Mr. COLDWELL: That is right.

Mr. MITCHELL: That is getting pretty close to indentured labour, I would say.

Mr. COLDWELL: Oh, no; that is the government.

Mr. MITCHELL: What difference does it make whether it is the government or anybody else? When we are talking about freedom, let us be frank about it. You cannot have a socialist freedom and another kind of freedom.

Mr. COLDWELL: What kind of freedom is this?

Mr. IRVINE: What is the minister reading from?

Mr. MITCHELL:

This period of permitted stay will be extended further if the individual complies with the employment conditions set out immediately above and behaves as a worthy member of the British community.

[Mr. Mitchell.]

There you are. I do not think there is a great deal of difference. Mind you, I am not offering any criticism of that. I am here; they are there.

Mr. MACKENZIE: They will never be over here.

Some hon. MEMBERS: Oh, oh.

Mr. MITCHELL: That is all right. That is too plain for my hon. friends to understand. I believe that we have an obligation in this country, particularly with regard to these mass movements which at the moment are necessary from the displaced persons camps in Germany. I am one of those who believe in people emigrating under their own steam. I came to this country under my own steam.

Some hon. MEMBERS: Oh, oh.

Mr. MITCHELL: That is all right. Some of my state-planning friends who preach pie in the sky do not understand the realities of life. I was one of nine children—if I may be allowed to make this personal reference—and my father died when I was eleven years of age. I came to this country when I was eighteen. I never took a nickel from anybody in this country, and I went to work the day after I got here. I did not go to some theological college.

Mr. COLDWELL: Neither did I.

Mr. MITCHELL: I went to work as did my hon. friend. It is a disadvantage, in my judgment, when you have—as we have today—in any country or any clime, immigration en masse. When these people get to the new country they are different from the hon. member for Rosetown-Biggar and myself, who went out to work and made our own way in life. The first thing they do is to form an organization and pass a resolution, "Therefore be it resolved" that somebody else do the resolving.

Some hon. MEMBERS: Oh, oh.

Mr. MITCHELL: I do say this, Mr. Speaker—whether you like it or not—that this nation has been built by people who came to Canada irrespective of race, colour or creed, under the conditions I have just mentioned.

Mr. MATTHEWS (Kootenay East): Not to work at twenty-five cents an hour.

Mr. MITCHELL: Probably the hon. member has never done a day's work in his life.

Mr. MATTHEWS (Kootenay East): That is what you think.

Some hon. MEMBERS: Sit down.

Mr. MATTHEWS (Kootenay East): Mr. Speaker, I want that remark withdrawn.

Mr. SPEAKER: Order. I would ask the hon. member if he rises to a question of privilege or to a point of order.

Mr. MATTHEWS (Kootenay East): Yes, Mr. Speaker, to a point of privilege. I ask that the remark just made be withdrawn.

An hon. MEMBER: Which one?

Mr. MATTHEWS (Kootenay East): The one to the effect that I never did an honest day's work in my life. I demand a withdrawal of that, Mr. Speaker.

Mr. MITCHELL: I do not know whether you got me correctly. What I should have said was, "before you came into this house".

Mr. MATTHEWS (Kootenay East): On a point of privilege, Mr. Speaker, I want to inform the minister that before I ever came into this house I worked as hard as he ever did and perhaps a lot harder. These hands of mine have had callouses on them from the work I did.

Some hon. MEMBERS: Order.

Mr. MATTHEWS (Kootenay East): Any callouses the minister had were not on his hands.

Mr. SPEAKER: Order. I do not believe that the conduct of the members of the House of Commons just now is such as to make a contribution to the debate. I would ask hon. members to address the Speaker and to be silent when another hon. member has the floor. If anyone wishes to interrupt and ask a question, he should first rise in his place and ask permission to do so.

Mr. MATTHEWS (Kootenay East): As a matter of privilege, I ask for the withdrawal of that remark.

Mr. SPEAKER: Order. We have listened to the hon. gentleman. If he wants to rise to a point of order or a question of privilege, he should do so, state it briefly and resume his seat.

Mr. MATTHEWS (Kootenay East): With all due deference to you, Mr. Speaker, that is exactly what I did, and I am still waiting for the remark to be withdrawn. I asked for that on a point of order.

Mr. CHEVRIER: What do you want withdrawn?

Mr. HOMUTH: Callouses.

An hon. MEMBER: They are not withdrawn; they are cut off.

Some hon. MEMBERS: Withdraw.

Mr. MITCHELL: To keep peace in the family, Mr. Speaker, after seeing my hon. friend's hands I withdraw any implication I might have made against him. However, I think I am entitled to make my speech without these interruptions—although, mind you, I enjoy them.

An hon. MEMBER: So do we.

Mr. MITCHELL: I am not like some people who can dish it out but can't take it. I enjoy it. But I do say this, Mr. Speaker, by the very nature of things we must in every way possible protect these people who are coming from Europe. I believe that every province in Canada with the exception of Prince Edward Island has fair wage laws. The order in council which permitted these girls to enter the province of Quebec and work in Beauce recognizes the jurisdiction of these minimum wage laws.

Mr. DIEFENBAKER: Will the minister permit a question about the order in council?

Mr. MITCHELL: Certainly.

Mr. DIEFENBAKER: I ask the question only for the purpose of obtaining information. On April 1, 1947, an order in council, P.C. 1193, was passed on the recommendation of the Minister of Mines and Resources (Mr. Glen):

> . . . that as there is a shortage of textile workers in Canada, the provisions of order in council P.C. 695, dated March 21, 1931, . . . be waived in behalf of one hundred immigrants as herein described.

Those are the one hundred textile workers. It has been stated that similar applications have been made by other industrial concerns. Has any other order in council been passed waiving the order in council of 1931 which would deny these persons admission to Canada?

Mr. MITCHELL: The answer is no.

Mr. DIEFENBAKER: That is the last one?

Mr. MITCHELL: Yes.

Mr. COLDWELL: And the only order in council?

Mr. MITCHELL: As far as I know. I am almost convinced of it, but I will say it is the only one as far as my memory serves me, if my hon. friend will accept that for now.

Mr. DIEFENBAKER: There has not been one since April 1?

Mr. MITCHELL: I am not trying to mislead my friend; not intentionally, anyway. To get back to my argument, as I say the girls in question are being brought to Canada within the four corners of our immigration legislation. As the order in council states,

the prevailing rates of wages, as laid down by the minimum wage laws of the province of Quebec, will apply; and as I believe I indicated a short while ago every province of Canada with the exception of Prince Edward Island has legislation of that description. It may be unfortunate that it has become necessary, as they have found in Great Britain, to move people from these displaced persons camps in groups. No one knows the difficulties and complications of an undertaking of that kind. The emotions of people from one end of this country to the other are aroused by such a policy. That is inescapable, but I am convinced that these girls certainly have found a better home in Beauce that they had in Germany. It was my privilege to visit those parts of Europe in peace time, and I know something of the conditions that existed in eastern Europe at that time. Yesterday, I think it was, one of these girls told a newspaper man she had a varicose vein caused by pulling a plough. Women do not do those things in any province of Canada, to my knowledge; nor do they do those things on the continent of North America. By the pictures this morning I noticed that these girls were well dressed, and I understand the clothing was provided by their employer.

Mr. HOMUTH: The men won't even push a plough.

Mr. MITCHELL: That may be true, too. I do believe, Mr. Speaker, that we are under an obligation to pull our weight on the oar in connection with the movement of these displaced persons from Europe. Let me say also that people of my own blood are concerned about immigration into this country of people of British stock. At the moment the door is wide open; let us be frank and honest about that. Let us not throw out a smoke-screen in connection with these unfortunate people by suggesting that we are treating one race in one way and another race in another. All they have to do is get passage from Great Britain, and provided they are healthy they can come to Canada. The same applies to South Africa, Australia, New Zealand and the United States; and I think the country should know that. When you begin to move people, however, there is always objection. When you move the Poles, some other racial group objects. When you move the Jews, some other racial group says, "We should not have Jews in this country." When you move the Ukrainians or any other European group, somebody in this dominion, under a free press and freedom of speech, will take objection. I believe we have to be big about this thing, that we must be humane about it, and take these people out of real slavery and let them be absorbed and assimilated into the life of this dominion. That is what my hon. friend urged at the united nations. I know quite well that if he were in charge of the immigration policy of this country there would be people who would criticize, from their own points of view, any policy he might set in motion. I have had many wires, as all members and ministers get wires, in connection with the movement of these displaced persons to this country. They are all couched in the same language; and those of us who understand the labour movement know something about the phraseology used by these people who think anyone who is not a communist is a fascist; and that goes for every party in this house. If our judgment is to be influenced by such people, how are we to fashion an immigration policy?

I hope that when the history of this movement of this year and next year is reviewed we may find that these Polish soldiers who fought so nobly on the side of the allies during the war have been absorbed into the life of this country; and that goes for all the displaced persons that we are ready to receive into our family circle. So let us argue it on that basis. Let us argue from a humanitarian point of view and get it on that plane, so that after the years have rolled by these people, like tens of thousands of others in Canada, will be able to say they are glad they came here and worked their way and raised and educated their families.

Mr. HOMUTH: And didn't grouse about the country all the time, either.

Mr. MITCHELL: Of course not. I am not unmindful of the forces in this and every other democratic country, whether it be Australia, New Zealand, South Africa, Great Britain or the United States, that are working to create confusion of the worst kind. Those of us who have been raised in that atmosphere know something about it. So today I would ask hon. members to suspend judgment in the case of the member for Beauce until he is here to answer for himself in this high court of parliament. I do not know the hon. member intimately, but I have spoken to him and he always struck me as a kindly person, as a high type of Canadian. Viewed in the light of conditions as they exist at the moment, his judgment and our judgment may have been shortsighted; I don't know. I do not believe it was, but we should not take a short view of this thing. Let us wait a year or two and see the position of these girls in our society at that time. For goodness sake don't throw cold water on every English-

man, Irishman and Scotsman who wants to come to Canada, or on every Jew, every Ukrainian, every Pole or other European who wants to come to this country. Let us be big and broad about this question of immigration. I believe the vast majority of the people of Canada want to assume all their obligations in connection with these displaced persons in Europe.

The hon. member for Rosetown-Biggar has spoken about the lumber operators. Let me tell him that there will be immigration officials and officials of my own to do the screening. That has already been arranged. Let me say this, too—and I have said it before—that nothing my department will do will consciously endanger the wage standards of Canadian workingmen.

I know some of those people at the head of the lakes who have been making statements in the last few days. They are not members of the Progressive Conservative party; they are not members of the C.C.F.; they are not members of the Social Credit party or of the Liberal party. They are members of another party. Perhaps that is some indication why these Polish people and people from other countries in Europe do not want to go back to the place from which they came. The hon. member for Vegreville (Mr. Hlynka) knows about the Ukrainians; he knows that people from Germany do not want to go back to the place they came from. He knows it, and every hon. member in the house knows it. No; they want to come here where there is a measure of real freedom, notwithstanding the expression of opinion of any member of the House of Commons or any person in Canada. They want to come here where there is an opportunity to live their lives in an atmosphere of freedom—freedom of religion, freedom of the press, freedom of assembly, those great freedoms which have made this country what it is.

I would ask in conclusion that we suspend judgment on the hon. member for Beauce until he has had his day in court.

Mr. ANTHONY HLYNKA (Vegreville): Mr. Speaker, I should like to say a few words with respect to the motion before the house; and in doing so let me say at the outset that I speak for myself only.

If my memory serves me correctly the hon. member for Rosetown-Biggar (Mr. Coldwell), the leader of the C.C.F., has not so far risen in his place and spoken on the subject of immigration. I presume he felt that that question was too dangerous politically to tackle—

Mr. COLDWELL: No.

Mr. HLYNKA: —from whatever side you take it, so he delegated some of the lesser lights in his group to take up this question. Of course he was just watching the developments.

Mr. COLDWELL: Mr. Speaker, I rise to a question of privilege. First of all, I did speak on immigration. And may I say this, that this is not a one-man party, and when one of this group leads off on a particular topic he speaks for all of us, myself included. But I spoke on it. Let me say again that this is not a one-man party.

Mr. HLYNKA: It is true that the leader of a group has the right to assign certain topics to his followers; but what I would point out is that the leader of the C.C.F. considered the question of immigration less important than his present motion.

Mr. COLDWELL: Rubbish.

Mr. MacINNIS: He spoke on it.

Mr. COLDWELL: I spoke on immigration, as a matter of fact.

Mr. HLYNKA: Let me continue with my remarks, and hon. members may rise in their places and speak for themselves, or, if they wish, contradict what I am saying. But I should like to say this, that if the leader of the C.C.F. had a sister, a daughter or a mother in a displaced persons camp, he would not have made the motion. It is fine to stand in the House of Commons and criticize the government for the little which the Minister of Labour (Mr. Mitchell) and one or two other ministers have done in agreeing to bring in a few of these people to Canada. But the fact remains that the question of displaced persons is one of the most acute questions facing the United States government, the British government, or any other government which has anything to do with this matter.

The leader of the C.C.F., I presume after reading the statement made the other day by Mr. Mosher, and thinking it would be a popular stand to take in the House of Commons—

Mr. COLDWELL: Mr. Speaker, apart from the fact that that is untrue, the hon. member has no right to impute motives to any other member in the house. He is doing that, and I ask that it be withdrawn. That sort of thing is pretty contemptible.

Mr. DEPUTY SPEAKER: The hon. member for Vegreville (Mr. Hlynka) must not impute motives to any other member.

Mr. HLYNKA: I have no intention of imputing motives, but I do presume that the leader of the C.C.F. must have read Mr. Mosher's statement.

Mr. COLDWELL: As a matter of fact I have not.

Mr. HLYNKA: It was exactly along the lines which the hon. member has adopted.

Mr. COLDWELL: As a matter of fact I have not read it.

Mr. MacINNIS: Did the hon. member for Peace River (Mr. Low) read it as well?

Mr. HLYNKA: If the hon. member for Rosetown-Biggar has not read it, then it is a strange coincidence.

May I say at once that I am not defending the immediate immigration policy of the present government. I feel it has been at least a year and a half too late in any action it has taken. Therefore I say that I am not defending the government's immediate immigration policy. But I must say this, that if we have individuals within this nation who are willing to undertake to bring in a number of persons whom they can employ, then, I say, such individuals are rendering a great service, both to the displaced persons and to Canada. And the hon. member for Beauce (Mr. Dionne) from the very fact that he has undertaken to bring in about a hundred girls, has done so much for these people that I am certain his name is now known to every person in the displaced persons camps.

As I listened to the ramblings across the floor this afternoon, when hon. members were poking fun at one another while discussing this tragic issue, I concluded it was nothing to be proud of. This is one of the most tragic situations that has ever faced the defenceless and homeless people of Europe. And yet the leader of the C.C.F.—

Mr. NICHOLSON: And the leader of the Social Credit party.

Mr. HLYNKA: Will the hon. member allow me to speak for myself, please? I know that the C.C.F. group believe in dictating their views to everybody else, but I want to speak for myself. Perhaps it was the intention of the hon. member to throw me off my line of thought. Just the same, I think I can make clear what I have in mind.

If the leader of the C.C.F. were sincere in this issue he would have risen in his place and placed a proposition before the government asking it to pass an order in council to guarantee that these girls will not be underpaid. That would have been a noble stand on his part. He did not do that. Oh, no, he wanted to create an issue and raise the bogey of these people coming in, in order to hinder public opinion on the question of immigration. Hon. members who have constituents who have mothers, daughters, sons and other relatives in displaced persons camps have been endeavouring to prod the government ahead a little so that something might be done to protect these people. When the order in council was placed on *Hansard* we immediately heard the cry from the C.C.F. group. For two or three weeks they have been heckling the Minister of Labour (Mr. Mitchell). At first it looked as though they just wanted to find out from the minister certain information, but the fact remains that they are showing opposition to the relief of these unfortunate displaced persons. That is the stand of that group. For too long has that group been appealing to people of other than Anglo-Saxon origin for support. They have now shown their true colours as to where they stand on this issue.

I travelled through Europe for several months and I found that these people did not have a friend in the world. They have been moved around from place to place. It was admitted in the senate committee on immigration and labour that the directors of displaced persons camps had moved people from camp to camp as many as five times in three months, in order to force them to go back under soviet rule. It is an awful state of affairs when people are moved so often and made so miserable. As soon as they had built up their little churches in the camp, as soon as they had suitable places in which to sleep and study, as soon as they had places in which to teach their children, the order to move would come from headquarters run by gentlemen with the same mentality as those who are sponsoring this motion.

Mr. BURTON: That is a lie.

Mr. HLYNKA: I want to thank the hon. gentleman for his kind word. That was the first word that came to his mind and it indicates the range of his vocabulary. These people have been made so miserable for two years that it is time we had a few more Mr. Dionnes. I should like to see hon. members of various groups rise in their places and say that if the Dionne mills exploit these girls they will protest and demand that the government do something to protect their interests. But instead we are having the issue confused so that labour will not want to have these people come in. That is not the right thing to do. These displaced persons have no money, and surely it is a noble thing for some one in Canada to be willing to pay their fares in order to save these people. A certain

portion of their pay will be deducted, but that will work no hardship on them and in the meantime their lives will be saved.

Some hon. MEMBERS: Oh, oh.

Mr. HLYNKA: My friends can jibe. If they want to get me warmed up, I will get ready. The best of the displaced persons are being creamed off by the South American countries and others. If we do not hurry we shall not get the best type of people. I am glad that there are industrialists who want to bring in these people. It seems to me that by moving the present motion the C.C.F. group is taking a slap at private enterprise. Perhaps some hon. members did not notice it, because the motion was couched in such a way that they felt it was a good thing to support it. But the facts of the situation are that it is a slap at industry for trying to bring in these people,. As far as I am concerned I want to congratulate industry upon trying to bring in these people.

In the British zone in Germany people are supposed to be fed 1,550 calories a day, that is, members of the adult working population. However, in reality the military authorities and UNRRA have been forced to cut that down to between 1,000 and 1,100 calories a day, which is one-third of the calories required by a working man. Can we let these people starve? Can we let them be faced with slow starvation? Surely we must take them out. In the United States zone they would like to feed the people 2,000 calories a day, but in reality they are able to give them only from 1,500 to 1,600 calories a day, just one-half of what a normal adult requires to keep healthy.

If anyone agrees to bring in one or 100 or 1,000 of these persons it would be only right to let him do so. I asked the head of the camp at Hanover where I visited, how many children there were in the camp. He told me there were 900. Then I asked about their health and he told me that ninety-three out of the 900 were T.B. cases. I think hon. members will agree that that is a high proportion. Are we to sit back and attack the minister for allowing a few of these people to come in and thus reduced the problem in Europe?

It is in the interests of Great Britain; it is in the interests of the United States; it is in the interests of Canada to reduce the displaced persons problem as quickly as possible. You cannot sign a peace treaty with Austria and leave displaced persons there. You cannot sign a peace treaty with Germany and leave displaced persons there. The pre-war population of the United States zone of Germany, if my memory serves me correctly, was 13,000,000 people, but today, on account of the number of Germans who have been expelled from the territory held by Poland and Czechoslovakia, there are 18,000,000 people. That area simply cannot support that population.

The food required by some of the displaced persons in the British zone is derived from German sources. Surely we should realize that. I cannot understand how mature men —some of them are at least big enough physically—cannot see through the problem and hope to have this European problem solved. Surely it is about time they studied the situation. Time is running on; this is one of the most acute problems of today, and it must be solved.

A number of my constituents and others whom I know across this country have asked for my assistance in trying to get permission from the government to bring in their children and other relatives. A few months ago I asked the Minister of Immigration (Mr. Glen) for permission for certain people to come to Canada. The thing dragged on for months and months. Today I have three letters on my desk saying I need no longer bother because the three girls who were to be brought into Canada are dead. I could give you their names, Mr. Speaker. This is not something to wrangle and joke over in the house; it is serious.

I sincerely congratulate the Minister of Labour and other ministers who have consulted with him on having agreed to issue permits to bring in some of these displaced persons. The lives of these unfortunates are so miserable that I plead with hon. members and with all groups in the house not to use this issue cheaply, not just play around with it, because it is too tragic.

Mr. J. W. BURTON (Humboldt): Mr. Speaker, I had intended to deal particularly with one point on speaking to the motion moved by my leader, the hon. member for Rosetown-Biggar (Mr. Coldwell). However, since he took his seat there have occurred in this debate a number of incidents to which I wish to refer before proceeding with what I had intended to say.

May I say this—and I say it with a considerable degree of sadness—that I regret that any member of this house should consider it necessary for him to stoop to the depths of misrepresentation and misinformation that the hon. member for Vegreville (Mr. Hlynka) did.

Some hon. MEMBERS: Shame.

Mr. HLYNKA: On a point of order, Mr. Speaker, I ask the hon. member to withdraw

his remark that I misrepresented anything. Having seen these people, I know the problem a little better than the hon. gentleman does.

Some hon. MEMBERS: Withdraw:

Mr. BURTON: In support of my statement, I have in my hand *Hansard* of Tuesday, February 11, of this session, where at page 330, my leader had this to say:

> Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I am going to join those tonight who have expressed regret that the Minister of Mines and Resources (Mr. Glen) has not presented something of a policy to the house, when we are discussing the important measure which is before us. I think the time has come when this country should have a policy in regard to immigration, and more particularly that phase of immigration to which Canada is committed by her signature, namely the relief of those persons in displaced persons camps in Europe, who are known as refugees and sufferers from the war.

That, I think, is sufficient to support the statement I made, and I shall not withdraw my remark. Any person who is so busy trying to think up ways and means of devising twists and turns to slander those with whom he does not agree is using words that are not worth the paper they are written on.

Mr. HLYNKA: Let the people read them.

Mr. BURTON: I have nothing to be ashamed of in the stand taken by my leader and this group on this or any other question that we have debated. I realize that some hon. members do not agree with what we from time to time advocate, and I take off my hat to them and acknowledge they have a perfect right to their opinions, but I deny to them and anyone else the right to question our motives.

I was astounded to hear the Minister of Labour (Mr. Mitchell) endeavour to explain the government's immigration policy. I am sure that, by the time he was through, the people of this country will be just as much confused over the government's policy as they were before, if not more so. The minister said that we were attacking a man who was not in the house to defend himself. We are attacking no man. We are attacking the policy of the government which makes possible things of this kind. If the hon. member is not present today I should like to know why he is absent.

An hon. MEMBER: That is cheap.

Mr. BURTON: I have my responsibility to be here and so have other members. But it is not the man who is guilty; it is the government whose policy makes these things possible. I will go farther and say that apparently, under the government's so-called immigration policy, this is the only way you can get anything done for the refugees. Otherwise there has been no action at all.

The Minister of Labour referred to the Polish soldiers who were brought into this country under the jurisdiction of his department. When mention was made of one of them who was ill-treated in Saskatchewan—

Mr. CRUICKSHANK: That whole province is ill-treated, with the government they have.

Mr. BURTON: If the hon. member for Fraser Valley (Mr. Cruickshank) would listen a little more and keep that other organ shut a little more he might learn something. Apparently the Department of Labour had no way of finding out what was being done to some of these Polish soldier immigrants, because no action was taken until the case was finally dragged into the courts. Apparently this unfortunate immigrant had nowhere to appeal until things came to such a pass that he could lay a criminal charge. It was only then that the Department of Labour acted. I say that that is not good enough.

I wish to have it distinctly understood that I am just as much in favour of having as many people from the displaced persons camps in Europe brought into this country as any other hon. member. In fact I consider it a disgrace to this country that we have not thousands of them in at this time. These people should have been brought in and given sanctuary under a proper government plan. I am distinctly opposed to any industrialist or corporation being allowed—or, as it appears now, being the agents of the government—to bring people in to work under contract labour. I contend that we have had experiences enough in the past to be a warning to the government that this en bloc immigration is not desirable when it is brought about by people who can make use of them for their own selfish ends. Especially do I object to that apparently being the government's only policy under which we can help these people in the displaced persons camps. When we find, as I have no doubt other hon. members have—and I would not be surprised if every hon. member has had considerable correspondence from people in his own constituency who are endeavouring to bring people over from the central European countries—people writing us letters about their relatives in Europe we have to stop and think. I have had letters from people in my own constituency who have been endeavouring to bring relatives over from France, Czechoslovakia,

Austria, Hungary, Germany and all the other countries of continental Europe. These people have been willing to undertake that they will take care of their relatives in displaced persons camps, but they simply cannot get any action from the immigration branch.

Mr. PROBE: You cannot get an answer to a letter.

Mr. BURTON: I have in my files hundreds of letters from people in my constituency who have been trying for the past three years and more to get people from the displaced persons camps, but there is no action. I will cite one as an example. This man wrote me a letter and later he came to see me. He had been in correspondence with the immigration branch for months, and after he came to see me I took the matter up with them on his behalf again. This man had a niece who was born in Czechoslovakia. She was the only living person left in the family. The only relative she had was her uncle in this country. All the other members of that family had been killed during the time that the German army overran that part of Czechoslovakia. At the time this girl was between sixteen and seventeen years of age. She wandered from pillar to post and from one part of the country to the other until finally she landed in Sweden. There, either through the Red Cross or UNRRA, I forget which, she was able to establish contact with her uncle who was living in my constituency. As I say, that man had for months and months tried to get action. Since then, more than a year has gone by and there is still no action.

Just the other day I received a letter from a friend of mine who, by the way, was himself an immigrant from England years ago. He wrote on behalf of another person who emigrated to this country from Hungary. After a considerable amount of correspondence with the immigration branch, the other day this man received a letter from the Winnipeg office of the immigration branch as follows:

Dear Sir:

I have for acknowledgment your letter of May 7 in connection with your application for the admission to Canada of Mr. and Mrs. John Weiss and Mr. and Mrs. Peter Reiter and family.

Your applications were acceptable at the time they were submitted but the immigration regulations have since been amended and, as your relatives are of enemy alien citizenship, their admission to Canada cannot be authorized at the present time.

At the time their applications were submitted, the immigration branch says that they were acceptable. I want to read a few lines from a letter of the man who wrote me and sent me a copy of the letter I just read. He said:

. . . the fact that these people are a son and grandchildren of a Canadian who came to Canada and was a pioneer of this district, 1906, his homestead was—

He gave the location of it.

—where he lived and died but not before receiving his citizenship papers. Mr. Weiss the applicant for entry of his brother is living on and farming this land today and will turn dwelling and land over to his brother as a home immediately he is allowed to enter Canada. He will as also stated give bonds or any required security guaranteeing these people will not become a public charge in any way.

I contend that when citizens of this country who have proven thmselves to be honest and worthy citizens are trying to obtain permission to have relatives of their own come to Canada and are prepared to go bond for them and cannot obtain that permission but find every turn that they make tangled up with a snarl of red tape and the immigration branch bogged down with a bunch of rulings so that no one seems to know what to do, it is time that we protested. When conditions such as that exist I protest against the fact that the government by order in council can set aside a previous order in council and authorize certain industrialists to bring people in for their own benefit.

This morning I read in the paper that some of these girls were interviewed and are alleged to have said that they looked on Mr. Dionne as a benefactor. I say, Mr. Speaker, that when we go to any length—and I contend that we should go much farther and faster than we have gone in bringing in people from displaced persons camps—to bring people into the country they should look to Canada and to the people of Canada as their benefactors, and not to certain individuals.

In closing, I should like to ask a few questions. I wonder how the hon. member for Spadina (Mr. Croll) likes what has been going on. Judging by what he has been saying in connection with this matter, I wonder how he can sit quietly by and see things of this kind going on. I ask all hon. members on the government side to stop and consider whether we have done our duty to displaced persons in the past. If they do that I am satisfied that their answer must be no.

Mr. MARTIN: What country has done more?

Mr. MITCHELL: What country has done more?

Mr. BURTON: As a nation we should get busy and do something about the matter. We should do it as a nation, and not have to depend on individuals.

Mr. MARTIN: Will the hon. member permit a question? Will he deny that this nation took a lead at the united nations assembly in trying to bring about an international organization that would bring perhaps more relief to the displaced persons than any other known method or organization, and the leader of the Cooperative Commonwealth Federation took part, along with other hon. members, in that suggestion? No other country has a better record in this regard than has Canada.

Mr. BURTON: In answer to the minister's question, if you can call it a question, I will say that had the united nations organization accepted the plan submitted by Canada, I am quite prepared to admit that we would have had a much more effective immigration policy in that respect. The minister at least was a little fairer than the hon. member for Vegreville, because the hon. member for Vegreville criticized the hon. member for Rosetown-Biggar for doing what he did. We in this group are proud of the fact that the hon. member for Rosetown-Biggar did whatever he possibly could, as a member of the Canadian delegation, to encourage that.

Mr. MARTIN: And so did the government of Canada.

Mr. MacINNIS: But they did not carry it out.

Mr. BURTON: I want to tell the minister this, that if the hon. member for Rosetown-Biggar were sitting on that side, leading the government, and found that the united nations had not been prepared to go along the way that the Canadian delegation had asked them to go, he would have asked his government to carry out that obligation in so far as Canada was concerned, to the limit of its ability. That is my answer to the minister's question. I say to the government: You have not done what you could do, and this makes you guilty of a crime, having regard to the fact that these people at the present time are dying without someone extending a helping hand to them. It puts you in this position, that apparently the only effort made in this country to help the people in the displaced persons camps who are coming to this country is when some industrialists are prepared to do it. As I said, Mr. Speaker, in my opinion that is not good enough.

I regret that I took up more time than I had originally intended to take.

Some hon. MEMBERS: Hear, hear.

[Mr. Mitchell.]

Mr. BURTON: It may not suit some members on the government side.

Mr. BRUNELLE: We do not care.

Mr. BURTON: I would say this much, that the time has come when we must pull the mask off some of the people who profess to believe in freedom of speech in this country. All I ask is that we look at this question and deal with it in a proper manner; and if we have any criticisms to make about the attitude of any other persons toward it, the least we can do is to be truthful.

Mr. T. L. CHURCH (Broadview): I do not wish, by silence, to give consent to this style of contract. I am not interested in criticizing the government, because the same head-on collisions and conditions of affairs with regard to these industries prevailed after the last great war and have resulted after all the wars. Business has been upset, and we have had industrial destruction and the evils of industrial cut-throat competition and all that kind of thing. I am interested in seeing that the proper safeguards are placed in this labour contract.

In the first place, we had the very same kind of conditions after the last war. Cheap, shoddy Japanese goods were coming into this country. Many goods came in here, notwithstanding the tariff of the United States and the countries in Europe. The result was that an Alien Labour Act was passed in this country by a Conservative administration. Another Conservative administration appointed a committee of the House of Commons, known as the Stevens committee on price spreads and mass buying, the report of which was later adopted and evils adjusted. That committee found that a dreadful state of affairs existed in the textile industry and many of the other industries, and in some of the largest stores. It held many sittings and brought in a report. Safeguards were recommended to parliament. I think some of them were adopted by the present government and some by the late government headed by Mr. Bennett.

How does this particular contract come about? I ask that question simply for information. I sympathize greatly with the government in having to solve these problems which have grown out of the war and for which we in the House of Commons are to some extent responsible. In the first place, we have had the Alien Labour Act placed on the statute books of this country. What for? To protect us in case of peace or of war, to protect our industries and both capital and labour. The responsibilitity for the enforcement of the law is on not only the federal government but the provincial attorneys gen-

eral as well. This Alien Labour Act is a federal statute, but as I see the operation of it, the enforcement is on the dominion and on the provinces as well. I do not like the method and manner in which the contract before us for this industry has been proposed and entered into. I have for many years, in peace and war alike, espoused the cause of the Polish nation. I believe I have on many occasions brought to the attention of this house the sufferings of that great nation in the last great war and also in the one which has just closed. I am not objecting to a reasonable number of these refugees being brought into this country, because it is at the request of the British government. The United States has done little or nothing up to date, but I understand that the President—who has had a large number of important matters to deal with—has now consented to take 100,000 refugees into that country.

I wish to point out some of the other features in connection with this contract. First of all, I believe it is improvident from the point of view of the poor girls who are coming out to this country. They will no doubt make good citizens. I have known a great many Polish people in our city and in other places, and I have no criticism at all to make of them. They have always been good citizens and most of them or nearly all have never been in any trouble. I also want to point out to the government that the textile industry—and this contract deals with a particular branch of it in the province of Quebec—was one of the matters dealt with by the Stevens inquiry. If you are to allow contracts with regard to priorities in shipping, ocean and air, to be made in connection with this particular industry, are you to repeat that for every other industry that wants a cheaper form of labour from Europe and Asia? You will have a large number of these applications. There are some thirty or forty different nationalities, according to the "Canada Year Book," who will want equality of treatment. The same treatment which is given the Polish girls in one industry in the province of Quebec will have to be extended to other races as it is for refugees as to farming and logging. Many of those who come in have no practical experience in these industries. Some have admitted, since they came in, that they have not any experience in farming or in logging. If hon. members will read report No. 6 of the senate committee on evidence given before it re immigration and labour, they will find that what I say is correct. Some admit they were never engaged in farming or logging.

The next point I wish to make is that, in an economic sense, industry in England is in the most awful state it has ever been in at any time in the history of the country since the industrial revolution, the textile industry included. The people of England have lost their foreign investments. They are losing their cotton trade with India. The United States has taken their place. Today much of industry has collapsed and is practically ruined in the old country. Many of those engaged in it are leading skilled people whom we should have had in the textile and other skilled industries in this country. I would point out that some of the heads of Eaton's and Simpson's, some of their departmental managers, and many of the directors of other great industries in this country, have come from Belfast in Ireland, from Scotland, Wales and England and made a success here. I find that some of them later, on promotion, became heads of these great industries and departmental stores in this country. I just mention that to show that, while the proposal is to bring in people from almost every other country on the same basis and grant a contract on different priorities, we are forgetting all about our own people in the old land, in Great Britain, at a time when they are down and out. We forget all about the fact that they could meet the need in many of these industries and do the very work which we want done, as leaders and developers, in the great industrial development which this country should have after the war and in the period of reconversion. Also girls for nursing and as housekeepers and maids are wanted. Are we to allow these people to go to Australia and New Zealand? There they are getting assisted passages to work in textile woollen industries. This form of assisted passage in this Quebec contract is one which I do not like, under which you are going to take out of the pay envelope a certain amount of money for the passage and a certain amount more for clothing, leaving a mere pittance for the individual to live on. You will remember that one of the abuses mentioned in the Stevens report was that under these somewhat cheap labour conditions some people were not able to make enough to pay for their food, and were starving on a pittance of wages. Many of them could not get a loaf of bread in the house under the intolerable conditions which were revealed in that report, and as a result changes had to be made.

I am not here to justify anything that has been done in this member's Quebec contract, and certainly I would not try to justify these

contracts. The responsibility is upon the government of the day. If this policy is going to interfere with competitive labour; if it is going to lead to cut-throat competition between this company and other companies throughout Canada who get no similar or adequate protection along these lines, I say the responsibility is upon the government. We have an Alien Labour Act which these other companies must obey. They must conform to dominion labour laws, provincial laws and all the rest of it, and they can get no labour aid from the mother country at all on account of the lack of shipping. I know of two or three industries which have been trying to bring in a few people from the old country, but they cannot get them. The premier of Ontario has just returned and told us there are a hundred thousand in England who would like to come to this country but who cannot get shipping accommodation.

I regret that our very fine minister of immigration has been ill. It is no wonder, with all the hard work he has had to do in connection with this troublesome and other after-war problems. I sympathize with the government in that respect, because the ministers are bearing a heavy burden in connection with these after-war problems. But I do say there should be some equality of treatment in regard to shipping accommodation, and we should bring skilled workers from Britain before it is too late. Many industries in this country would like to have labour of this kind, such as this Quebec company got the government to aid them to bring in, to enable them to undersell their competitors, because this great textile industry is very much diversified today, and was largely expanded as a result of the war. So I plead with the government not to forget about the mother country, which has been a pioneer in this kind of textile work since the industrial revolution, and to aid those skilled in it there, who are out of work, to come here. Many people in Britain would take a chance and come to this country today if they could get accommodation and shipping; but here we are sitting around forgetting all about them; and we see very little in the press and hear very little over the radio about the suffering in that country. They are suffering more than anyone else. Many thousands would like to emigrate to Australia and New Zealand because they believe that to be a white man's country where they would have a fair chance, in the woollen textile and other industries there, to carry on after the great battle they put up in England. Conditions there are far worse than after the battle of Britain. The working classes are starving at the present time, notwithstanding all that has been said to the contrary. If you do not believe that, just read the British papers; read the white paper that was tabled in the British House of Common, and see the condition of affairs there. The suffering in that country is deplorable.

I should like to see proper safeguards included in the contracts we have been discussing today. I call upon the minister of labour of the province of Quebec as well as our own Minister of Labour (Mr. Mitchell) to take the necessary steps to protect these girls who suffered so much during the war. We in this country were very fortunate; we did not suffer an invasion. It is true that during the first two and a half years of the war we were pretty close to it, and our own province of Quebec and the maritimes and Ontario might have know what it meant to be invaded, but fortunately we escaped. So we should have some regard for those who suffered so much, and I urge that these workers should receive some further contract protection. I believe the contracts are ultra vires under the Alien Labour Act. If it were looked into I believe it would be found that the contracts should have been made with the government, not with any private individual or firm. When a contract is made with a member of parliament it borders on the rights and privileges of members of this house. The member may lose his seat over it, because he cannot make a contract or be party to any contract containing consideration with the government of the day or any department of the government or any commission connected therewith. I believe that is a fair interpretation of the law as it stands; and I think it is going pretty far from that act when an industry has to rely upon influence, because no doubt some influence has been used; you cannot get shipping space without influence. I know; I have tried at some of the shipping companies to bring one or two individuals out here, and I have been told that their space is sold for nearly a year ahead. I believe that in many ways charity should begin at home. I have no doubt that the men and women who have come to Canada from all these other countries have made good citizens; I believe many others would do well here if they had the chance, and I do not oppose a reasonable number being brought in. But I believe the United States should have led the way, and here they are taking only one hundred thousand. We have made a start, but I do believe these girls should have all the protection and safeguards the government of the country can give them.

Right Hon. C. D. HOWE (Acting Minister of Mines and Resources): Mr. Speaker, for

the past four days I have been Acting Minister of Mines and Resources, so at the moment I am responsible for the administration of immigration policies of this government. Therefore I think I should say a few words in this debate, even though my background in immigration matters is not extensive.

This afternoon the hon. member for Rosetown-Biggar (Mr. Coldwell) moved the adjournment of the house in order to pillory another hon. member who has undertaken to move some displaced persons to this country. I should like to examine the position in the light of the government's immigration policy. In the first place, the government has announced that it is favourable to absorbing into this country our fair proportion of the population of the displaced persons camps in Europe. The hon. member for Rosetown-Biggar has been one of the loudest advocates of that policy. At the united nations he advocated the formation of international committees to move these people from camps in Europe to various countries which are able to absorb them.

The government is favourable to the reception of a very considerable number of immigrants. I believe it is the wish of all parties in the house that an active immigration policy should be pursued, and with that in view the government has been liberalizing the immigration laws of this country for many months past. In January, order in council P.C. 371 was passed which considerably broadened the class of immigrants who could be received in this country. Among the classes to be admitted were "a farm labourer entering Canada to engage in assured farming employment"; "a person engaged in mining, lumbering or logging entering Canada to engage in assured employment in any one of such industries." The assured employment provision has been in all the liberalized regulations, the purpose being to see that immigrants brought here are assured a fair chance to establish themselves in this country. In spite of the liberalized regulations, however, immigrants have not been coming forward. In respect of persons in displaced persons camps, the reason is obvious. These people have no money, and there is no way in which they can get to Canada without assistance. There is no way in which they can conform to the requirements of the act, unless someone will undertake to employ them.

Mr. SKEY: Would the minister permit a question? Does he think it gives the immigrants to this country a fair chance, when they are saddled with a payment over—

Mr. HOWE: Oh, you can ask these foolish questions after I get through.

Mr. SKEY: That is not foolish. These girls have to pay it, and it will take them years to do so.

Mr. HOWE: As I say, in spite of the liberalized regulations, immigrants have not been coming to Canada. The hon. member for Beauce (Mr. Dionne) undertook to put into practice the liberalized immigration policies of the government. He undertook to provide transportation for people who could not themselves provide it. And he undertook to provide assured employment, as is required by the act.

A good deal has been said about the contract for these people. I have not seen the contract, and I think no other member in the house has seen it. And until we know something about it, I think it is premature to discuss the question as to whether or not it is a fair contract.

The hon. member for Beauce spoke to me about transportation. He explained his mission in Europe, and he explained that he was going there to select displaced persons who could reasonably be expected to be happy in the county of Beauce. He explained that it was a Catholic locality and that persons who settled there would be better off if they were members of the Catholic faith. He explained, too, that he had made provision for living accommodation. He had obtained a building which was operated by an order of the Catholic church, where the immigrants would be housed, fed and looked after until they could learn the language of the country. He wanted transportation. I asked him what kind of transportation, and he said he wanted the best transportation. He thought the best kind available was transportation by air. I explained that there were charter companies which could offer various types of accommodation, but he said he wanted the de luxe accommodation, and he suggested that the new aircraft operated by Trans-Canada Air Lines would be the class of accommodation that he wanted for these people. The result was that he made a contract with Trans-Canada Air Lines to send its luxury air liners to pick up these people. I may say that before these prospective immigrants were granted entry, they were screened by the immigration branch, medically examined, and found to be persons who would comply with the immigration laws.

They have now been transported to Beauce, and I think no one in the house would criticize the manner in which they have been treated up to this time. It has been suggested in the house that they are expected over a

period of two years to refund the cost of their transportation. I do not know whether that is so or not. I understood, from one statement I read in the press, that they were expected to refund a part of the transportation costs, and that may be so, or they may be expected to refund the full transportation costs.

However it may be, I see nothing extraordinary in that. These people, we must assume, were exceedingly anxious to come to Canada, exceedingly anxious to leave the camps in which they have been living. I have no doubt that they entered into the contract freely, if the contract provided that they should pay back their transportation moneys over a period of time. Whether the contract is enforceable or not, I shall leave to anyone in the house to determine. I presume that, if any one of these girls decides to move away from Beauce, no police officer is going after her to bring her back to serve out the contract. It is simply a civil contract, perhaps calling for the repayment of $300 over two years.

On the other hand, there is another side to the contract. It is that the hon. member for Beauce has undertaken to provide employment for these girls over a period of two years. That contract is enforceable; and, so far as the girls are concerned, I think it is a valuable contract.

Mr. DIEFENBAKER: Have you seen it?

Mr. HOWE: No, and neither have you.

Mr. DIEFENBAKER: But you just tell us what the terms are, although a few minutes ago you said you did not know anything about it.

Mr. HOWE: The reason I am sure of the terms is that the Immigration Act provided in respect of the Polish veterans, and in other comparable cases, that there will be assured maintenance for immigrants for a period of two years. And, knowing that the hon. member for Beauce was required to meet the regulations of the immigration branch, I can say with some certainty that the two-year provision is part of the agreement. I say that with much more certainty than the hon. member for Lake Centre (Mr. Diefenbaker) can say that it is not part of the agreement.

Mr. DIEFENBAKER: Well, the minister knew more than the house does, because no information has been given.

Mr. CHEVRIER: He knows more than you do.

Mr. HOWE: You have contributed your five cents worth; will you let me finish?

[Mr. Howe.]

Mr. DIEFENBAKER: I asked a simple question, but the minister does not want to answer it.

Mr. SKEY: It is more than $300, too.

Mr. HOWE: Well, you succeeded in your purpose, that of throwing me off my line of thought.

Mr. DIEFENBAKER: No, I asked a question; that is all.

Mr. CHEVRIER: You certainly like to play politics over there; you are expert at it.

Mr. DIEFENBAKER: The voice of authority.

Mr. HOWE: In any event, the immigrants brought in by the hon. member for Beauce are now residents of Canada. As such they are entitled to the protection of the laws of Canada. If it is possible to grind down Canadians in employment in industry, then it may be possible to grind down these immigrants. But if it is not—I believe it is not—then I believe Canada has labour laws entirely adequate to maintain the Canadian standard of living. If that is so, the immigrants concerning whom we are now talking will have every protection those laws can afford.

No objection has been made in the house of the immigration of Polish veterans. May I point out that they, too, are under contract, and that the people who are employing them are under contract. That contract provides that the men will be employed for a period of two years, and also provides that they will remain in the employment covered by their contract for a period of two years.

Mr. GREEN: There are no transportation charges against Polish veterans.

Mr. HOWE: Well why?—because someone paid the transportation charges of these men. In this case it happened to be the British government. Therefore there is no charge accruing.

Other displaced persons will, we hope, be brought to this country. Hon. members of the C.C.F. group probably would be quite happy to do nothing for at least a year, until the international agency charged with the movement of these people is able to function. And I am told that it is a year away. My hon. friend, the leader of the C.C.F., went to Lake Success and advocated that Canada should take displaced persons, and advocated that this international agency be asked to bring these persons to Canada. He is ready to give that great lip service to immigration and to the making happy of all displaced persons. In the meantime, displaced persons are not coming to

this country; they are going to other countries. Why are they going to other countries? They are going to other countries, because citizens of those countries are going to Europe to select immigrants suitable for their countries and are paying the cost of taking them to their countries, doubtless under contract.

It is all very well to advocate great reforms, to advocate that things should be done by some intangible person who does not exist at the moment; it is all very well to say that we are great humanitarians, that we will look after displaced persons if and when some international agency sends them to us, and that everyone should be happy. The hon. member for Beauce happened to be a realist. He believed that displaced persons should be brought to this country and he went over and got them and brought them here and paid for their coming. He has undertaken to look after them for two years. If that is a crime, then he deserves the pillorying that the C.C.F. party is attempting to give him today. But before accepting opposition criticism as valid, I should like to look at the accomplishment. I would rather hear the defence of the hon. member for Beauce of his position when he comes to this House of Commons.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, it seems to me that this is a very simple subject to discuss, but every attempt has been made to confuse it. It has been suggested that we should wait until the hon. member for Beauce (Mr. Dionne) is here so that we can discuss the matter with him. We are not concerned with discussing this matter with the hon. member for Beauce; we are concerned with government policy. The Acting Minister of Mines and Resources (Mr. Howe) has said that the government is liberalizing its immigration policy. I suggest to the government that it stop liberalizing its policy if this is to be the result. This is not liberalizing any policy.

Let us look at the picture. On April 22, on the orders of the day, I asked the Minister of Mines and Resources (Mr. Glen) a question about a report appearing in the papers of that date, that a member of parliament had gone to Europe to select people for his factory from the displaced persons camps. The minister replied, as reported on page 2279 of *Hansard,* as follows:

> I have not seen the newspaper item to which the hon. gentleman refers, but I would repeat what I said the other day to the hon. member for Peel (Mr. Graydon). So far as any new policy on immigration is concerned, it will be announced in due course.

That was on April 22. But in a return issued at the request of the hon. member for Rosetown-Biggar (Mr. Coldwell), being sessional paper 678, among other items I find this:

> Certified to be a true copy of a minute of a meeting of the committee of the privy council, approved by His Excellency the Governor General on the 1st April, 1947.

On April 1, three weeks before I had asked my question, the government by this order in council had set aside its former policy on immigration as authorized by P. C. 695 since 1931 and had adopted a new policy to permit the hon. member for Beauce to bring in 100 persons from displaced persons camps in Europe to work in his factory.

The hon. member for Vegreville (Mr. Hlynka) painted a very good picture of the desperate condition of those in the displaced persons camps. We are all agreed that their position is desperate, but let me tell the house that their desperation was not the reason why they were brought to Canada. I should like to quote from a letter written by the hon. member for Beauce to the deputy minister of labour under date of November 26, 1946, in which he said:

> I know that this permission can be given to me if you care to talk the matter with the minister, and I would like you to do so. I know Mr. Mitchell and I am positive he will do everything he can to help me.

Not to help persons in the displaced persons camps, but to help the hon. member for Beauce.

> I hope that you will reconsider this situation in the light of emergency on which I am placed and will act accordingly.

That was not an emergency facing the persons in the displaced persons camps; the emergency was the position in which the hon. member for Beauce was placed through not being able to get people for his mills. It has been suggested that these people would be glad to get away from the displaced persons camps. There is no doubt in the world of that, but it is equally evident that the girls who worked in the Beauce mill were also anxious to get away, because 555 out of a total staff of 425 got away from there in one year.

An hon. MEMBER: Seasonal work.

Mr. MacINNIS: It is time that we stopped talking about this thing having been done on the basis of humanity. It was not done on the basis of humanity; it was done on the basis of pure, cold, business.

Mr. HOWE: The C.C.F. should talk about bringing in immigrants.

Mr. MacINNIS: We are quite pleased to have immigrants brought in, but we will not,

without protest, allow them to be brought in by industrialists going over to the displaced persons camps in Europe where these people have been congregated, where they are anxious to get away from their misery and distress, and feeling their arms and muscles, examining them to see if they are fit to work. I should like to quote from another letter by the hon. member for Beauce. This letter is addressed to the Minister of Mines and Resources under date of March 26, 1947, and he says:

> As I am going across myself, I will visit these girls personally so that I can make sure that they are fit for the work that they will have to perform in my mill.

An hon. MEMBER: That is right.

Mr. MacINNIS: Of course that is right. I am saying that is the reason they were brought here and I say that is wrong.

Mr. MACKENZIE: You want to leave them there.

Mr. MacINNIS: My hon. friend was brought up in the cradle of Liberalism, but it seems to me that he must have fallen out of it early in life when he is willing to approve conduct like that.

Mr. MACKENZIE: Do you want them to remain where they are?

Mr. MacINNIS: I do not want to leave them where they are, but I do not want anyone to exploit their misery.

Mr. CHEVRIER: What are you exploiting now?

Mr. MacINNIS: Nothing, and my hon. friend knows it.

Mr. CHEVRIER: I know no such thing. It is the contrary, I should think.

Mr. MacINNIS: These people are refugees. A refugee is a person who is seeking sanctuary. When you provide refuge for a person seeking sanctuary you do not consider how much gain you can get out of it. You consider what help you can give to that refugee.

Mr. MACKENZIE: The main thing is to give him sanctuary. You would keep him in slavery.

Mr. MacINNIS: These girls have actually gone into slavery now.

Mr. CHEVRIER: You should be ashamed of yourself.

Mr. MacINNIS: The turn-over in this plant of 425 employees in a year is great. There were 555 taken in and left in a year.

Mr. MITCHELL: I know the hon. member wants to be fair—

[Mr. MacInnis.]

Mr. MacINNIS: Of course I want to be fair, but you people don't.

Mr. MITCHELL: Don't accuse me of that. Will my hon. friend not admit this that in the small town industries there is a great deal of seasonal employment.

Mr. NICHOLSON: What is seasonal employment?

Mr. MITCHELL: I know what I am talking about. My hon. friend does not. There is a greater turn-over by the very nature of things in the small town industries of Ontario and Quebec than in other provinces where they have not the same amount of seasonal labour.

Mr. MacINNIS: I have read the whole of the file, and nowhere has the hon. member for Beauce said that this was a seasonal industry. If it is a seasonal industry, how is he to guarantee employment to these girls for two years if he could not guarantee employment for two years to the citizens of Quebec?

Mr. HOWE: Regardless of how he can, he is guaranteeing it, and the immigration branch will hold him to his contract.

Mr. MacINNIS: I do not know whether he is or is not, and I do not think the minister knows, because he said a few minutes ago that he did not.

Mr. HOWE: I did not say that. I said I had not seen the contract.

Mr. MacINNIS: My understanding is that the contract was not made with the government of Canada or with anybody in Canada, but with the officials of UNRRA. I have here the Montreal *Standard* of May 31, containing an interview with Mr. James Adams, general manager of the plant. This is what Mr. Adams says:

> This business of the two-year contract, that wasn't Mr. Dionne's idea at all. The allied commission insisted upon it. He is responsible for the welfare of the girls for the next two years.

So this government does not know anything about it, and it is not on the record that the government ever demanded a contract. It goes on:

> After that, if they want to go somewhere else, they can. But their contract is for two years.

Outside of that, no minister on the other side of the house can say with any assurance that there is anything in writing that will protect the interests of these girls.

Mr. BELZILE: There is the law of the land.

Mr. MacINNIS: There is very little law of the land in the province of Quebec so far as the workers are concerned.

Mr. MACKENZIE: That is not correct.

Mr. MacINNIS: That is the fact. What we object to is not the bringing in of these people. We have asked that the government of Canada bring these people into Canada as free people, giving them a chance to make their own way and go their own way whenever they want to. We will not allow people with commercial interests to serve to go into these camps, pick out whom they want and leave those they do not want, and then say they are performing a public service. It is nothing of the kind. It is pure, straight commercialism, and it is something this government should be definitely ashamed of.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. F. S. ZAPLITNY (Dauphin): As one who has been interested in the question of immigration and the plight of displaced persons and refugees, and who has had something to say about it from time to time, I wish to say a few words on this occasion; my main purpose being to point out what, in my opinion, is the shortcoming of the present policy of the government, and second, to clear up some of the charges and misunderstandings that have been created in the house this afternoon. Before doing that, I wish to remind the house that we are discussing the motion moved by the hon. member for Rosetown-Biggar (Mr. Coldwell), leader of this group, and to read a line or two from the motion to set out its purpose. These words will, I think, set out what we are trying to impress upon the government and the house:

> The selection of displaced persons and refugees and their admission to this country should be directed entirely by the federal government with a view to resettling these people as free human beings in such a way as to serve their best interests and those of the Canadian people as well.

That is the object of bringing before the house this motion which started this discussion. I wanted to place that on record, because some of the charges and some of the statements that have been made this afternoon have beclouded the issue. It was not our purpose to make any political capital out of the situation.

Some hon. MEMBERS: No, never!

Mr. ZAPLITNY: And we have not attempted to do so.

Mr. IRVINE: If there is something to be made, why not make it?

Mr. RINFRET: That is frank.

Mr. IRVINE: It means something, too.

Mr. ZAPLITNY: But if other members insist on having it on a political basis, then, of course we have nothing to hide and are quite willing to put our position before the house. However I have never personally felt that this is a question which should be placed on a political basis, certainly not on a partisan basis, because it is a question which affects all parties in the house and all the people of the country. I do not think anything can be gained by making charges which cannot be supported or by making statements which are contrary to the facts. My criticism of the government is with regard to the policy which is now being followed; and I gather from the speech of the Acting Minister of Mines and Resources (Mr. Howe) today that that is the present government policy; in other words, that it is not an isolated incident, but is a step along the line of government policy. If that is so, I wish to say, in all earnestness and without any acrimony whatsoever, that it is not the best way to go about the matter.

For example, as the government and the acting minister know full well, there have been thousands of applications waiting, some for two years and some for longer, by people in Canada who have relatives in displaced camps in Europe, people here in Canada who, on their own initiative, are willing to take the responsibility of bringing these people to this country, paying their passage if necessary, and guaranteeing employment and a home for them here. The relatives in Canada of displaced persons in camps in Europe are anxious to bring these people here, not because they want to exploit them. Let it be clear that they want to bring them here because they feel, having had the privilege of entering this country themselves and being now in a position to help their compatriots who are not in as good a situation, that they are willing to sacrifice something of what little wealth they have in order to help their brethren. It is in that spirit that the applications were made and submitted to the government. I have had some personal experience, as other hon. members have had, and know something about what is going on behind these applications. I can say, without any fear of contradiction, that ninety-five per cent or more of these applications were made from a purely humanitarian point of view, trying to help somebody out. Under these circumstances it would appear that the government should be prepared to cooperate

in the same spirit by putting the whole question on a humanitarian basis; that is, by allowing refugees and displaced persons to come to this country to find sanctuary, not because of what they can add to the immediate wealth of the country, but because they are in great need. In some cases, if their health is impaired, they might even be a liability to the country for a little time, but that should not deter us from assisting them.

As I said, these applications have been lying by the thousands in the hands of the immigration branch and very little has been done about the matter. The results have been disappointing. I think everybody will admit that. At the moment I am not criticizing anyone in particular when I say that. The government have had reason, perhaps, why they were not able to expedite the disposal of these applications as they should have done. But while that is going on, while thousands of people in this country who have relatives in Europe and who have submitted applications and made every guarantee that was asked of them to the government and were waiting for action, they find that other persons who are not doing it on the same basis—let us be frank about that; it is not done on a basis of bringing in relatives for humanitarian purposes; it is done to bring in labour for certain industries—are getting priority so far as transportation and permission are concerned. Special orders in council have been passed to give these people priority over those who are attempting to bring in their relatives. That is the basis of my criticism.

Mr. HOWE: May I ask the hon. member a question? What is the priority that has been given?

Mr. ZAPLITNY: It is quite clear from the order in council which was quoted today, which set aside the provisions of the general order, 695, and gave this particular person the privilege of bringing in a certain group of immigrants while others under the general immigration order have to wait.

Mr. HOWE: The T.C.A. service is open to all. Anybody can buy seats on the T.C.A.

Mr. ZAPLITNY: I do not want to get into an argument with the acting minister about this. It so happens that not many relatives of displaced persons in Canada are in a position to hire T.C.A. planes to bring their relatives here. I think that is one good reason why they have not done so.

Mr. MacINNIS: And they would not think of charging it back.

[Mr. Zaplitny.]

Mr. HOWE: Mr. Speaker, I now for the first time have the contract in my hand, and I refer to clause (d), which reads:

No deduction from the wages will be made by the company for the cost of transportation of the worker from Germany to destination in Canada.

Mr. COLDWELL: That is not what they said.

Mr. MACKENZIE: But that is what the contract says.

Mr. ZAPLITNY: Mr. Speaker, I hope before I am through saying what I have to say, we shall be able to get on the record other facts with regard to the contract.

Mr. COLDWELL: I rise to a point of order, Mr. Speaker. The minister has read from a document, and I am asking that the document be tabled.

Mr. HOWE: Certainly. I was waiting for the opportunity to table a copy of the document.

Mr. BURTON: Why was it not tabled earlier?

Mr. HOWE: I received it just this minute. It comes from overseas.

Mr. MACKENZIE: The hon. member has a suspicious mind; that is all.

Mr. CASTLEDEN: We asked for it.

Mr. MUTCH: Hon. members over there have a good sense of publicity.

Mr. ZAPLITNY: I said a moment ago, Mr. Speaker, that those who would like permission to bring relatives to Canada should have been given consideration. The report made last year by the senate committee on immigration and labour bears out that contention. I wish to quote from page 311 of the report submitted by that committee, at which there will be found these words:

Immigrants who come to Canada on the responsibility of relatives or friends already here enjoy a real advantage over those who arrive as complete strangers. The right to bring relatives and friends here is a privilege which our government may well extend to Canadian citizens. This principle has already been recognized by the government in an order in council dated May 28, 1946, P.C. 2071.

But unfortunately, although that principle was admitted by the passage of that order in council, we find that it is only too easy to pass another order in council setting aside the provisions of the former one in order to make special conditions or to apply special privileges to some persons. I wanted to say that, because I believe that the present action of the government, whether it is deliberately

taken or not, is short-circuiting our immigration policy. It is not carrying out the intent of parliament.

Mr. MITCHELL: When my hon. friend talks about short-circuiting, would he say—

An hon. MEMBER: Not a speech; just a question.

Mr. MITCHELL: Just wait a minute. You asked me enough questions this afternoon.

Mr. KNOWLES: But we did not get any answers.

Mr. MITCHELL: Not to my disadvantage. But when my hon. friend talks about short-circuiting, would he say that bringing to Canada people who are in these camps is short-circuiting the regulations? I know what my hon. friend is trying to do. He is trying to play both ends against the middle.

Mr. ZAPLITNY: I want to assure the minister that I am not playing the two ends against the middle. What I am trying to do is to point out that by making these special provisions for privileged persons—

Mr. MACKENZIE: Privileged?

Mr. ZAPLITNY: —the government is providing a safety valve for not having to do anything about the general question of displaced persons.

Mr. COLDWELL: The hon. member for Beauce (Mr. Dionne) is privileged.

Mr. ZAPLITNY: I hope that is clear enough. There are, as I said, thousands of those, within the knowledge of the immigration branch. It is not a matter of bringing in one, two or three hundred; it runs into thousands. And the people of this country are, I think, entitled to expect action on the part of the government on that point, because all parties in this house have agreed. Surely that is all that is necessary in parliament. If all parties are agreed on a principle, the government should take action. All parties are agreed that the question of displaced persons and refugees should get some priority. In fact, the Prime Minister (Mr. Mackenzie King) himself, in making a statement in the house not so long ago, made the statement that displaced persons and refugees would get priority, and the senate committee recognized that, as I just quoted a minute or two ago. I do not know whether the minister was in his seat at the time.

Mr. SPEAKER: Order. May I call the attention of hon. members to a matter of procedure and ask them to confine their remarks to the motion before the house. This afternoon the leader of the C.C.F. party asked for leave to move the adjournment of the house under standing order 31. Standing order 31 says:

> Leave to make a motion for the adjournment of the house (when made for the purpose of discussing a definite matter of urgent public importance)—

The motion of the hon. gentleman says:

> —for the purpose of discussing a definite matter of urgent public importance, namely, the action of the government in authorizing certain Canadian industrialists to select individuals from displaced persons camps in Europe and bring such individuals to work in Canada under contract—

I would ask hon. members who take part in this debate to confine their remarks to the motion before the house, which is the matter of urgent public importance, namely, the action of the government in authorizing certain Canadian industrialists to select individuals from displaced persons camps in Europe and to bring such individuals to work in Canada under contract.

Mr. COLDWELL: Do you not think, Mr. Speaker, that the other words should also be taken in conjunction with what you have just read, namely:

> —it being the traditional policy of parliament that the importation of indentured labour should be completely prohibited, which means that the selection of displaced persons and refugees and their admission to this country should be directed entirely by the federal government with a view to resettling these people as free human beings in such a way as to serve their best interests and those of the Canadian people as well.

Should these words not be included?

Mr. SPEAKER: If the hon. member looks at standing order 31, subsection 6 (b), he will find these words:

> Not more than one matter can be discussed on the same motion.

This afternoon I accepted the hon. member's motion because I thought it was urgent and of public importance. I took that attitude because he said, ". . . namely the action of the government in authorizing. . ." this and that. So I would ask hon. members who take part in this debate to confine their remarks to that main subject.

Mr. ZAPLITNY: Thank you, Mr. Speaker. That is exactly what I am going to do. We are discussing the action of the government in their application of their immigration policy. It is difficult to discuss the action of the government without bringing in the lack of action, as we see it. We, according to the terms of the motion, disagree with the way in which the immigration policy is being implemented, and are trying to set out the reasons

why. We believe that those people in Canada, practically all of them citizens of Canada, who made application and gave guarantees to the government to look after relatives who might be brought to this country, should have been given at least the same privilege of bringing them in as was given to other persons who are interested in obtaining labour for their industries.

I wish to refer now to another phase of this matter, and I do so with a certain amount of sadness because it is most unfortunate that a member of this house should have made the kind of speech that was made this afternoon. I refer to the speech made by the hon. member for Vegreville (Mr. Hlynka), with whom I have so often agreed on matters of this kind, but with whom I must disagree thoroughly this evening.

I said at the outset that this is a non-partisan issue, and to bear that out I wish to remind the hon. member who spoke today in such vigorous terms, as well as other members of the house, that in 1945 certain members of this house, representing all four parties in it, signed a document which was presented to the Prime Minister and which read in part as follows:

> We the undersigned members of parliament appeal to you in name of humanity to use full moral force of Canada's position with all other allies to effectively and immediately relieve plight of displaced persons in British and American zones, especially kin of Canadian citizens.

As I say, that was signed by members of at least the four major parties in this house. The Liberal party across the way was represented; my Progressive Conservative friends signed; members of both this group and the Social Credit party signed it, which establishes quite clearly that at least this question started out on a non-political basis, and I would hope that it might be kept on that plane throughout. Some of the charges and statements made by the hon. member against the leader of this group were most unfortunate, particularly because, to say the least, they were inaccurate. He evidently disagreed with the terms of this motion, and I want to make it quite clear that I have no criticism in that regard, because it is his privilege to disagree just as much as it is our privilege to agree. But when he went out of his way to make personal insinuations and charges as to the intentions of the hon. member for Rosetown-Biggar, I think the hon. member overreached himself; and I believe that when he reads his speech in a quieter moment and more meditative mood he will have reason to regret ever having made such a speech in this house. Today the discussion started off on a non-political, non-partisan plane.

Some hon. MEMBERS: Oh, oh.

Mr. ZAPLITNY: I hope hon. gentlemen across the way are not going to take that attitude; otherwise it may make things a little difficult. The hon. member for Calgary West (Mr. Smith), who followed the leader of this group, stated his position and agreed with the motion. The next speaker was the hon. member for Peace River (Mr. Low), who leads the Social Credit party. He stated his position, and also agreed with the motion. As I say, it is the privilege of any member of any group to disagree with any motion; but when the hon. member of Vegreville rises in the house and accuses the leader of this group of having ulterior motives in moving this motion, and at the same time makes statements to the effect that my leader had never spoken in this house or elsewhere on behalf of the displaced persons and refugees of Europe, he is, of course, quite a long way from the truth, and I believe he will regret those statements. One part of his speech in particular was, I think, very unfortunate, when he attempted to link up something said by Mr. Mosher with the motion before the house today.

Mr. BOUCHER: Are you ashamed of that connection?

Mr. ZAPLITNY: I am not a bit ashamed of any connection that may exist, but it so happens there was no connection at all. I have only a passing acquaintance with Mr. Mosher, but in testifying before the senate committee on immigration and labour he put forward the position of the organization he represents in terms very favourable to displaced persons and refugees. For that I think the hon. member for Vegreville, who, I know, is deeply interested in the matter, should be thankful instead of attacking the very people who are trying to help him. This is what Mr. Mosher had to say last year in presenting his brief to the senate committee, at page 208 of the proceedings of that committee:

> The admission of refugees, though it has, of course, economic aspects, is primarily a humanitarian question. Canada is under an obligation to humanity to admit her due share of refugees even if it costs her something. It may actually bring her important economic benefits, but even if it does not, she must do her part.

I believe that statement sets out clearly that Mr. Mosher and the organization he represents are not opposed to bringing displaced persons and refugees to this country on a humanitarian basis, the basis of helping out those people, even though it may cost Canada

something to do so. Having set that out before the committee, having made that plea for the very persons for whom the hon. member for Vegreville made his plea, I think the hon. gentleman should have spoken of Mr. Mosher in kinder terms than he used today. I should also like to remind the hon. member that members of this group whom he saw fit to attack on this question have pleaded this cause in this house on various occasions. As early as 1945 the hon. member for Qu'Appelle (Mrs. Strum), pleaded in this house that at least fifty thousand children of the displaced persons be brought to Canada for adoption by Canadian people. I could go on and quote from one year to the next, to show that members of our group contributed to the debates of this house asking for consideration on behalf of these people. In saying that, I am not asking that this party be given any credit for having done so, because we were not seeking to capitalize on it politically. We were doing what we thought was right, just as members of other parties were doing their bit to help out in a difficult situation. But having done that, I thought we deserved kinder words than we heard from the hon. member today. I want to quote also what the leader of this group said in this same connection during the course of a radio broadcast in November, 1946:

> As long as this problem of displaced persons is allowed to continue unsolved, so long will there be misunderstanding, distrust and difficulty. No nation can afford to wash its hands of the problem and those lands where populations are sparse have a special responsibility in this matter.
>
> Because of this the Canadian delegation has given much attention and support to the proposal to establish a special international refugee organization to deal with this distressing problem. But if I may say so attention and support are insufficient when action is expected of us.

There again the hon. member set out in clear terms his sympathy for and his plea on behalf of refugees and displaced persons; and for that I believe he deserved kinder treatment than he was given today. I might also remind the hon. member for Vegreville that as early in 1937 the hon. member for Rosetown-Biggar was a member of the national refugee committee of this country. That was three years before the hon. member for Vegreville entered this house. My leader has done very good work on that committee; he has taken a keen interest in refugees and, I believe, is regarded by all hon. members as a man of broad and sympathetic views on that question. I am not saying these things because I think the record of my leader requires any defence from me; but after having listened to a speech this afternoon which, I am very sorry to say, did no credit to the hon. member who made it, I considered it my duty to make my position clear in this regard.

Mr. HLYNKA: The hon. member read a telegram which was addressed to the Prime Minister (Mr. Mackenzie King) while he was overseas in London. Did the leader of the C.C.F. group sign that telegram? If not, why not?

Mr. ZAPLITNY: There again, Mr. Speaker, I am afraid my hon. friend takes a very narrow view. He asks whether my leader signed this telegram.

Some hon. MEMBERS: Oh, oh.

Mr. ZAPLITNY: Before they start ohing and ahing, I might remind my hon. friends that this telegram was drawn up hurriedly, and all hon. members did not have an opportunity to sign it; in fact I do not believe all hon. members saw it. It so happens that it was I who circulated a copy of the telegram in my own group. Everyone I approached signed it, but it was not possible to see everyone in the group. I might also remind my hon. friend that not all the members of his own group signed it. As a matter of fact, I believe it was signed by only one member of the party to my right. That was not their fault; perhaps they were not given an opportunity of seeing it and giving it consideration. The point is that the general idea was supported by members of every group in the house. It was put on a non-political basis, and I am amazed that my hon. friend, who so often has made eloquent speeches on this subject in this house, should have taken such a different line entirely today and put the whole thing on a political basis.

I want to say, before I conclude, that what we in this group are anxious to see is that the people who come to this country as immigrants, whether they come as immigrants or displaced persons, will be able, five or ten years from now, to say that they were treated as well as the other people in the country. I am not criticizing the government for having allowed refugees to come to this country, and neither is my leader. In fact, we congratulate them upon having made any provision at all under which these people can come in. But I believe it is our duty, as members of the house, to see to it that immigrants who come to Canada come under conditions which will make it possible for them to become good and satisfied citizens in the future.

There is a great deal of talk about the dangers of discontent and communism. We hear it in the house and outside the house. But let us be careful that we do not create

conditions in industry, and have our people working under such conditions that communism will become attractive to them. Let us treat them in a decent, Canadian way, and we shall make good Canadian citizens of them. That is our belief.

We are prepared to make the same plea for anyone entering Canada. I do not want what I am saying this evening to sound as if I am condemning the government for any isolated instance. It so happens that one of the Canadian government's policies is what we are discussing today. I do not want it to appear that I am referring to any particular person in derogatory terms. What the hon. member for Beauce (Mr. Dionne) has done was perfectly in order, so far as we are concerned, because the government gave him permission to do it. Therefore I do not attack him in any way.

But I do say that we in parliament have a responsibility to bring persons in under proper conditions, both for the good of themselves and for the good of Canada. It is the duty of members of the House of Commons to protect the interests of the Canadian people, and of any future Canadians in this country.

Mr. J. A. ROSS (Souris): Mr. Speaker, I should like to add a few remarks in the discussion which has taken place with respect to—

> . . . the action of the government in authorizing certain Canadian industrialists to select individuals from displaced persons camps in Europe and bring such individuals to work in Canada under contract, it being the traditional policy of parliament that the importation of indentured labour should be completely prohibited, which means that the selection of displaced persons and refugees and their admission to this country should be directed entirely by the federal government with a view to re-settling these people as free human beings in such a way as to serve their best interests and those of the Canadian people as well.

I believe that is the wording of the motion now before us, and it deals with a situation which has caused debate across the country. I realize that many people are not actually conversant with the pros and cons of it. But to many people it does seem strange that the government of the day should pass an order in council setting aside certain provisions of order 695 so as to assist an industrialist, who happens to be a member of parliament, to bring in these hundred Polish girls to assist in his mill at Beauce, Quebec.

Something is added to the confusion when we find that many applications are coming asking that people from the British isles be allowed to come to Canada at this time.

These are people who are relatives of Canadian servicemen who gave splendid service in the past few years.

I am not directly blaming the government for the situation at this time, but it is a difficult situation. I have received many applications from my own constituency respecting people from the British isles who want to come here, but who cannot possibly obtain passage at least during the coming year.

Something is added to the present confusion when these people, with relatives in this country, cannot make arrangements to come out to Canada and establish future residence in this country. It was said this afternoon that the government has been derelict in its duty, and that it has tended to encourage slave labour in Canada by permitting such a contract. That charge was, I believe, made this afternoon.

On the other hand, I have here a newspaper article which states:

> The entire exodus was arranged by mill owner Ludger Dionne, who is Liberal member of parliament for Beauce.
>
> Taking note of the fact that union officials have condemned the emigration, Mr. Dionne said that his plant had tried without success to obtain girls "all over Canada." He said that his mills capable of giving work to 700 hands, were running at about a third or half that number "most of the time."
>
> "We tried to get employees in Quebec City, St. Malo, Thetford Mines and Sherbrooke, among other places, and we just couldn't get enough," he said. "Let the unions find us some labour, then they'll be in a better position to talk."
>
> Mr. Dionne said that he didn't care "what unions try to organize my plant, they are all free to try." He added that the mills already had an agreement with the National Catholic Syndicate, remarking: "I think the Catholic Syndicate is the proper union out there, you know we are a Roman Catholic community."
>
> Mr. Dionne said that two Polish priests from Chicago, together with priests at the displaced persons camp where the girls were located, had undertaken to select the girls for jobs in the St. Georges de Beauce mills. He said that they had compiled a preliminary list of 150 names.
>
> Mr. Dionne said that 50 of the girls had been rejected by the British medical authorities.

I am sure there are not any of us who can state right now whether this movement will be entirely satisfactory, or beneficial to the girls. We all hope it will be. It is only after they have been here for some time that the success or failure of the venture will be proved to the satisfaction of all concerned. It is a trial which, we sincerely trust, will work out for the benefit of the girls themselves, and all concerned in this country.

But this does bring clearly to people's attention the fact that we have a real industrial

problem with respect to help in various parts of Canada. Something must be done; and I am sure we are all opposed to what has been termed "slave labour." We want to see proper remuneration given to everyone who works in this country. I trust that will be taken care of.

There are many people throughout Canada who are today wondering why so many articles are in short supply. I know that last fall, and again this spring many producers on the western prairies could not understand why they could not get more of the implements of production. I maintain that one of the chief reasons was the length of the difficult steel strike we had last year. Steel enters into these various products, and I believe that strike had more than anything else to do with the shortage of supplies so essential on the farms today. There are many other articles in short supply, and the consumers of this nation are wondering why this situation should exist.

In today's issue of the Ottawa *Journal*, that of June 2, 1947, we find at page 14 a photograph headed "C.C.F. M.P's. in Picket Line at Ottawa Car Plant", and the explanation of the picture reads:

> Alistair Stewart, C.C.F. M.P. for Winnipeg North, third from left, joined the picket line at Ottawa Car and Aircraft plant this morning because of the "sympathy we have for the strikers." Mr. Stewart said he was accompanied by Thomas Bentley, C.C.F. M.P. for Swift Current, Saskatchewan, four girls from C.C.F. national headquarters and Jean Holman, stenographic pool secretary to M. J. Coldwell C.C.F. party leader. Mr. Stewart said his party was "not interfering in any way with the strike but felt the men had a just cause." He said there would be other C.C.F. M.P.'s in the picket line during the week.

I will admit we are living in a free land, a very free land; but I do not think that is a good example for members of parliament to set. I believe they should place themselves on a different plane, a more judicial plane, and should not be taking sides one way or another. My sympathies are just as much with the under-privileged people of Ottawa or of Canada as are those of any member of the C.C.F. party in Canada.

Mr. IRVINE: On a point of order, I should like to have Your Honour relate what the hon. gentleman is now saying to the subject before the house.

Mr. ROSS (Souris): As I read the motion, we are discussing the bringing into this country of industrial labour, and there is a distinct action to prohibit workers from going to work who might increase the production of this country. The people mentioned in this article are a party to that action. That is the only relationship there is, but to the consumers and citizens of Canada it is an important relationship. So much for that matter.

I do not want to take up any more of the time of the house in following up this argument. I want to repeat the hope, so well expressed this afternoon by the hon. member for Calgary West (Mr. Smith), that we get around as quickly as possible to the point where the government will be responsible for all immigration. We should have a policy; we should not be passing orders in council to assist this or that particular group, no matter how well they may deserve it. This should be a matter of government responsibility and government policy, and I trust we shall arrive at that point in the near future.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, considerable time has been taken in discussing this matter, which is regarded, I think properly, as one of urgent public importance. It is a matter with respect to which I have been much interested, especially since attending the last meeting of the general assembly of the united nations. I think the hon. member for Rosetown-Biggar (Mr. Coldwell) was also interested in the problem which was brought so vividly to our attention during the course of that meeting. The hon. member for Dauphin (Mr. Zaplitny) said that he had no fault to find with what the hon. member for Beauce (Mr. Dionne) had done in this matter, because the government had given him permission to do it. That is the whole question. Is the government blameworthy for having given permission to do a thing which has resulted in 100 persons from the displaced persons camps being here in Canada at this time? It seems to me that that is the whole question.

Over a period of years we had regulations and the administration of regulations designed to keep people out of Canada. For a great many years that had become both the written policy and the practical application of the policy by the officers of the department. One of the first things done after our return from the meeting of the assembly of the united nations was to provide an amendment to P.C. 695 to authorize persons resident in Canada to bring in persons related to them who happened to be in displaced persons camps. That amendment was adopted on January 30, 1947.

That did not have any immediate result. Although the obstacle which theretofore had existed as a legal obstacle was removed, there were still many physical obstacles that had to be overcome. It was necessary for these

people to get to someone representing the immigration branch and satisfy him that they were in good health. Travelling teams were organized to visit the displaced persons camps. An arrangement had been made with the government of the United Kingdom to admit into Canada 3,000 Polish soldiers who had fought with the allied armies and who were not disposed to return to Poland under the regime that now exists there. They had to be examined; teams were organized for that purpose and, if they were found to be in good health, visas were issued which enabled them to enter this country. The same teams were authorized to examine other persons who came within the rather narrow terms that had been adopted in January.

It must not be forgotten that, over all these years, everybody in Canada was against immigrants coming in. We were proceeding cautiously, perhaps too cautiously, but it was the result of the long years of the other attitude. Not many were coming in. Three or four times the provisions with respect to relatives were broadened to include a larger number of persons. It so happened that transportation conditions were extremely difficult. We felt—and I think that feeling was pretty generally shared—that such transportation as there was should go in priority to persons in the displaced persons camps.

That did not affect immigration from the British isles or from any commonwealth country; there had been no obstacle in the regulations with respect to such persons beyond the requirement that they had to be able to take care of themselves. In application that did prove to be an obstacle. The officers were requiring these people to show the possession of a certain amount of money in order to satisfy them that they would not become a charge. That obstacle was removed and instructions were given that there was no other requirement than that of good health. It was felt that, if one could get to a Canadian port, and was able and willing to take a job, he was not apt, under present economic conditions, to become a charge upon Canada.

At that time representations were made that labour for agriculture was very short and that that part of our population engaged in agriculture could, without putting any further strain on the housing situation, which was and still is acute, bring in a certain number of agricultural workers and take them into their homes. A provision was seriously discussed, for perhaps too many days or too many weeks, and finally a decision was reached that if one wished to take agricultural employment and have an assured job in Canada there could be no objection to his coming in. That was provided for in the regulations. It was provided also at the same time in January that the same rule might be applied to men who wanted to work in the mines, in the forests or in logging operations, that if they could establish they were in a fit physical condition to do that kind of work and were going to an assured job in Canada a waiver of the general excluding provision would be made in their behalf. There was another provision made for bringing in, under the agricultural classification, workers for the sugar beet industry. Representations had, of course, been made that logging companies and mining companies were prepared to undertake to house and employ men who would come in for forestry operations, or for mining operations. Then the hon. member for Beauce comes along and says, "I have work that I can give to persons now in displaced persons camps, and I am prepared to provide them with assured employment and proper housing if you will permit me to bring them in". An order in council was passed, I think on April 1, in that behalf.

The question now before those who have to consider it is: Are we blameworthy for the fact that 100 such girls or thereabouts are now in Canada instead of in displaced persons camps? That reminds me of an incident which came to our attention just recently. A young Jewish girl arrived here in the month of April. She had been one of a family of nine, comprising her father, her mother and her six brothers and sisters. They had all been confined in concentration camps and had been moved from one camp to another, and she was the last survivor of those nine. She was the niece of some well-to-do people who had been living in Quebec for some twenty years. They had heard of her plight. I do not know how they managed it, but they did manage to get her a visa to go to the Dominican Republic or Haiti; they did manage to get her transportation on a plane from Amsterdam to New York, and they did manage to get her permission in New York to come up to visit her relatives in Canada for a period of thirty days. There was an application that she be allowed to remain here. We were told that that would not be fair. Why should she be allowed to remain here because her relatives in Canada were able to arrange things that other people could not do? Why should she be allowed to remain because well-to-do relatives in Quebec had been able to do these things? There are people in these camps who have not the advantage of having relatives who can arrange matters of that kind, and we were told that that would be an unfair exception to make.

Why should she be allowed to stay here when there are so many hundreds of others who have gone through as much as she has and who cannot get out of these camps? It seems to me that that is nonsense. She was here in Canada, and it was nonsense to take the view that she should not be allowed to remain here because there were others who could not get here.

That is exactly the same situation with respect to the 100 Polish girls. They are here, and it is nonsense, it is inhuman, to say they should not be allowed to be here because there are others who cannot get here. That is exactly the situation.

Mr. MacINNIS: Nobody said that.

Mr. ST. LAURENT: Nobody said that? Here we have been told that unfortunately there are persons in these camps who have relatives here who are not in a position to provide air transportation. That is unfortunate. But there are 100 girls here for whom air transportation has been provided. They are here, and should we not be pleased rather than otherwise that there are at least that many who are no longer undergoing the agonies of those displaced persons camps over there? I have read in the papers that negotiations are in process to provide fourteen hundred with air transportation to come to assured work in our Canadian forests. Will it not be a good thing for these fourteen hundred to get here and to have an opportunity to work in our Canadian forests instead of languishing in these displaced persons camps?

It is said that all this should be under the control of the immigration branch. It is under the control of the immigration branch. No one person gets here that is not examined by the officers of the immigration branch and who does not comply with all the other conditions. It so happens that the hon. member for Beauce and others engaged in the lumber industry are going to overcome the remaining difficulties to allow those persons to get here. It is not the form of the regulations that prevents their entry; it is the other material difficulties.

It may be unfortunate, I think it is unfortunate. that there is not transportation available for a larger number. But that is the situation. There are other matters that are being considered and other provisions that will be announced. But I think the attitude has been that wherever anyone can establish that there is a place for him in Canada where he will not put added pressure on our housing situation which is keeping some of our veterans out of accommodation at the present time, wherever he can establish that there is a place for him that will not add to our present housing difficulties, and that he can get here, he should be allowed to come.

With respect to the working conditions at the plant of the hon. member for Beauce I do not know what they are. I do know that the last time I was at St. Georges de Beauce it was a little country village. I do know that there were established by the present member of parliament for Beauce and by his predecessor as member of parliament for Beauce embryonic industries in St. Georges, and that they were established for the purpose of providing employment for the people of St. Georges and other parishes of Beauce without their having to go to the big cities to get work. Apparently that is what the people of Beauce like because they elect the people who do that.

I do not know what the conditions are, but I do know that 99 per cent of those who work in those plants established by Mr. Lacroix and the present member for Beauce are from the families of the county of Beauce and I know that those families are interrelated. I know it would be pretty poor politics for a politician to maintain a sweatshop for the people of his constituency, especially if the people of his constituency were all as closely related as they are in the county of Beauce. That is the broad outline of the situation.

The Acting Minister of Mines and Resources (Mr. Howe) has just tabled this contract, which appears to be in the form of a letter addressed to the secretary of the intergovernmental committee on refugees, dated April 14, 1947. Because of the widespread interest in this matter, perhaps it would be well for me to read the text:

London, 14 April, 1947.

The Secretary,
The Intergovernmental Committee on Refugees,
19 Hill Street,
London, W.1.

On behalf of and in the name of the Compagnie Dionne Spinning Mills Co. of St. Georges de Beauce, province of Quebec, Canada (hereafter called the company), I am undertaking the following obligations:

(a) The company will employ single women who are the concern of your committee and who I select in Germany with your assistance and help, for at least 2 years, and observe all labour conditions which are in force in the province of Quebec with regard to workers of such qualifications or usually granted to them.

(b) The company will pay to all persons recruited in Germany with your assistance and help. not less than the current wages paid, in the province of Quebec, to spinning mill workers with the same qualifications as these persons have on condition that the worker stays in our employment for 2 years unless the contract is terminated by agreement between the company

and the worker or for any other reason (except rightful dismissal by the company) lawful in spite of the fact that the contract has been made for two years; otherwise the company will pay to the worker only the minimum wage which is due to the worker of such qualifications under the laws of the province of Quebec.

(c) The company will pay to the worker weekly only the minimum wage which is due to such a worker under the laws of the province of Quebec. The company will retain the difference between these minimum wages and the current wages, pay them into a separate account, and pay the sum so retained as a lump sum after the period of two years has expired, or prior to that date if the contract has been terminated by agreement between the company and the worker or for any other reason (except rightful dismissal by the company) lawful in spite of the fact that the contract has been made for two years.

(d) No deduction from the wages will be made by the company for the cost of transportation of the worker from Germany to destination in Canada.

Compagnie Dionne Spinning Mills Co.
(Signed) Ludger Dionne,
14 April, 1947.

Mr. COLDWELL: May I rise on a matter of privilege? I was the one who stated this afternoon that costs were to be deducted. Had this contract been placed before the house, it might have put a different complexion on the matter except that in the letter of March 26 containing the request to which the minister of immigration acceded on March 27, this clause appears:

I will make a contract with these girls to refund me their transportation charges at about 25 per cent of what they will earn weekly in my plant.

I asked for the tabling of this contract; it was not tabled until tonight. The letter upon which the government acted is dated March 27.

Mr. ST. LAURENT: With respect to that, I would make no apology whatsoever for the action of this government. If I were in a concentration camp or in a displaced persons camp and someone offered to provide me with air transportation to Canada on condition that out of my earnings in the future I would repay it, I would gladly consent.

Mr. COLDWELL: That is not the question.

Mr. ST. LAURENT: The question may arise, why does the hon. member for Beauce do this? I asked him myself why he did it. I told him that a contract for two years would never be enforceable. He said: "For a certain time these persons will wish to remain with me and will remain with me. During the summer season most of the girls I have from the farms in Beauce go back to their homes." I felt that that was probably true. My wife is from the county of Beauce. For a great many years we had maids from the county of Beauce, and I know from experience that it was not easy to keep maids from the county of Beauce during the summer season. That appeared to me to be a plausible explanation.

These mills would not very much appeal to me. The hon. member for Beauce explained to me that the working hours were in two shifts, one from six o'clock in the morning until two o'clock in the afternoon and the other from two o'clock in the afternoon until ten o'clock at night. Well, those who start to work at six o'clock in the morning have to go to bed pretty early in the evening. There is not much night life for them. And those who work until ten o'clock at night in St. Georges, unless it has changed very greatly since I was there, would not find anybody else up when they got off from their work. I then said to him, "You know, this idea of saying that you are going to take only Catholic girls is something that is difficult to explain," because there is a lot to be said for the attitude expressed by the hon. member for Rosetown-Biggar (Mr. Coldwell) this afternoon as to his feeling when he was recruiting teachers, I think it was. The explanation that was given to me was that there had been established there a hostel at considerable cost. I have not seen it; I am told that it is well fitted out, quite a comfortable building, well provided and equipped for the residence of these girls, but it is under the direction of some nuns. He said, "None but Catholic girls would be at all happy in these surroundings." I think that is true. I do not know how happy the Catholic girls are. From the pictures that have been published in the papers they were at least happy on arrival. I hope that that joy will continue. But that is the situation, and I was impressed by the fact that these girls were to get the same kind of treatment that a member of parliament provides in his own constituency for the daughters of his own constituents. It seemed to me that that would be nothing very deplorable and that, in any event, it would be fortunate for these persons to get from these displaced persons camps to the kind of hostel under the conduct of a religious community of Catholic nuns, which is operated in the town of St. Georges.

There is this other group that the hon. member for Rosetown-Biggar referred to as being something with respect to which he was quite in accord, a group that would be brought out because not only the employer but the representatives of trade unions would assist in the selection or in the making of arrangements That may be all right. I do

not see that the presence of representatives of labour unions will make the situation very much better.

The whole problem is this. Is it a bad thing that there should be an additional number of people willing to work coming into this country? That is the question. If they are willing to work in the kind of jobs for which enough workers are not available I think they will be improving their own position, and I am not at all scandalized if they also at the same time improve the economic situation of the country. I think that if all the displaced persons in these camps could get into places where they would be contributing to the economy of the lands to which they will go they will be far happier if they are brought into lands where they are not a charge upon the rest of the community.

Mr. J. G. DIEFENBAKER (Lake Centre): I know it is often said that one did not intend to participate in the debate—

Mr. MACKENZIE: The hon. member cannot say that.

Mr. DIEFENBAKER: I can. I have listened all afternoon to the arguments advanced, the argument of the affable Minister of Labour (Mr. Mitchell) when on behalf of the government he raised the defence that the house should wait until the hon. member for Beauce (Mr. Dionne) was in the house to explain the situation to the country. That argument was not effective because, Mr. Speaker, so far as the hon. member for Beauce is concerned he enters into this question only to the extent that he happens to be the employer. The responsibility—and the minister who has just taken his seat has admitted it—does not rest on the hon. member for Beauce. The responsibility for what took place, if there be such, rests upon the government and not upon the hon member. To that extent, at least, some of the underbrush during the course of the debate has been cleared away.

Matters have been brought in which have aroused animosities and antipathies and which have no place in this debate. The question, sir, is that the house be adjourned to discuss the question as to whether the traditional policy of parliament that the importation of indentured labour should be completely prohibited, shall be departed from. Do we in Canada want to establish an immigration policy by which employers in our country will be able to go over to Europe, there select displaced persons and make arrangements with them to pay their transportation out of the wages they will ultimately earn—

Some hon. MEMBERS: No, no.

Mr. DIEFENBAKER: —and then bring them over to Canada? That is the question.

Some hon. MEMBERS: No, no.

Mr. DIEFENBAKER: My hon. friends say it is not, and to prove that statement I shall read from the records. The government agreed to just that. The government entered into an arrangement with the hon. member for Beauce in consequence of a lengthy correspondence. I am not going to read very much of the record, but I am going to read from the correspondence that is before the house one or two bits which indicate what the plan was. There is first the letter to the Minister of National Health and Welfare (Mr. Martin), in which the policy and the reasons for it are outlined. The reason for asking for a departure from the ordinary immigration laws in effect in this country—and I quote from the letter—was as follows:

> The trouble seems that the people have too much money to spend. They work for three or four months and then they go away and live on unemployment funds for a while and go to some other place when they are through with unemployment help.

The purpose behind the application was to assure that when these people came to Canada they would not be free to leave at the end of three or four months but would continue as employees for the period for which they were indentured, namely, a period of two years.

My right hon. friend has dealt with the humanitarian side. No party has any monopoly on that. All of us believe that displaced persons, those who suffered as none of us may ever dare to understand, however one tries, should receive assistance. These unfortunate persons want to get out of camps and go to various parts of the world. Other parts of the world are welcoming them. Canada has been notoriously deficient in performance of what we should have endeavoured to achieve in this regard. We know what our Polish allies did during the period of the war. The hon. member for Vegreville (Mr. Hlynka) spoke with understandable feeling. We know what our Ukrainian allies did. In the province of Saskatchewan family after family have relatives of those two racial origins whose contribution has been great in this country as has been that of those left behind in the old land. They are fine citizens. The question is: shall we in this parliament approve a makeshift system designed apparently to meet the needs of one employer in this country? Other employers are in a different position. The Minister of Labour said today that this order

in council of April 1 is the only one of its kind. There may have been one or two subsequently—

Mr. MITCHELL: Not of that nature.

Mr. DIEFENBAKER: Not of that nature, we are told. So what we are asked to approve is an order in council passed on April 1 and what has taken place thereunder. How was that order in council passed? What policy did the government follow? Is it a policy of welcoming to our country, by selective immigration, men and women who would make good citizens? No. It may be only the thin end of the wedge, but it is a policy that will either be continued or discontinued, and we have not any assurance with regard to that point. Upon what is the policy based? Here are the terms of the agreement as contained in a letter of March 26, 1947, from the hon. member for Beauce addressed to the Minister of Mines and Resources (Mr. Glen): That letter reads as follows:

Pursuant our conversation of this afternoon, I respectfully ask you to give me a permit to import 100 foreign girls or widows to work in my spinning plant "Dionne Spinning Mills Co." at St. George, Beauce.

These girls will take their headquarters at the convent—

Then it sets out the exceptionally fine circumstances under which they will live.

Mr. MITCHELL: Read all the letter.

Mr. DIEFENBAKER: Very well.

—which is situated five hundred feet from the mill and is under the direction of the Sisters of the Good Shepherd.

And with that there will be no argument. To continue:

I will pay the transportation of these girls from their homes to Canada. I will see that these girls or widows are healthy morally and physically. I will comply with the rules and regulations of the Canadian government.

The next paragraph is the significant one. It reads:

I will make a contract with these girls to refund me their transportation charges at about 25 per cent of what they will earn weekly in my plant. I will pay these girls, when they begin to work, according to the ordinance No. 5 regulating the salaries and conditions of work of textile industries in the province of Quebec.

May I point out at this point, "I will make a contract" and "25 per cent of what they will earn weekly" will be deducted. The girls say they made that contract. In the last few days they have given to the press interviews in which they said that they made the contract that the hon. member for Beauce had in mind when he notified the government of his plan on March 26, 1947. The letter continues:

As I am going across myself, I will visit these girls personally so that I can make sure that they are fit for the work that they will have to perform in my mill.

I expect to bring these girls and widows by aeroplane because I understand that the shipping boat facilities are not available presently.

If there is any other regulation that you would like me to comply with I will be glad to do so.

Hoping you will give this matter preferred attention, believe me,

Yours truly,

That is the offer following correspondence over a period of approximately five months. The acceptance is in a letter from Mr. Jolliffe, dated March 27, 1947, which reads as follows:

I would refer to your letters addressed to the minister relative to the admission of young women from Europe for employment by your company. The minister has had two interviews with Mr. Dionne, M.P., and has agreed to the admission of 100 young women. Particulars of the requirements have been given to Mr. Dionne, who will no doubt be communicating with you in due course.

The letter is directed to James A. Adams, Dionne Spinning Mills Company, St. Georges, Beauce, province of Quebec. The order in council, which from its date I take it was based upon the letter, is dated April 1, 1947, and reads:

The committee of the privy council have had before them a report dated March 27, 1947, from the Minister of Mines and Resources, representing that the Dionne Spinning Mill Company of St. George, Beauce, Quebec, have applied for the admission . . .

And so on. That order in council has already been read into the record. It concludes with these words:

The committee, therefore, on the recommendation of the Minister of Mines and Resources advise that as there is a shortage of textile workers in Canada, the provisions of order in council P.C. 695 dated the 21st March, 1931, as amended, be waived in behalf of 100 immigrants as herein described.

What does this all add up to? It means that the government consented to and approved a policy under which these girls would be brought to this country and twenty-five per cent of the amount they might earn each week would be deducted from their pay envelopes. It never lies within the right of anyone, when later he is asked to face what he has done, to say, that while he agreed to one course, later on he agreed with someone else not to do so. I point out, sir, that the order in council was passed on April 1. The hon. member for Vancouver East (Mr. MacInnis) asked about this matter on April 23 and got no information. Nothing was said about the order in council; not a word. It was just another of those orders in council that get passed and are sometimes forgotten

by the members of the government. They must have forgotten, because on April 23 they did not know anything about it. Parliament was in session, but the order in council in regard to a matter of immigration was forgotten and no information was furnished with regard to it; nor in all the discussions concerning immigration was it referred to, until after the matter had been brought to the notice of the country through the press. Why? The members of the government who have spoken have not explained the strange situation, in that the government forgot to tell parliament about the order in council and forgot to table the order in council until all arrangements had been completed and concluded. This afternoon production of the contract was asked for by various hon. members. The so-called contract is dated April 14, 1947. It was not in the record. It was not available. It came to light only tonight. Whence it came, nobody knows. All we know is that today, just before the dinner recess, the ministers denied that they had it, and tonight it appears. And how the government grab hold of that so-called contract! The Minister of Reconstruction and Supply said transportation charges were not going to be deducted, according to the contract. But that is not what the contract says.

Some hon. MEMBERS: Oh, oh.

Mr. DIEFENBAKER: I would like anyone in this country to try to enforce a contract between A and B, with A saying, "I had this contract with B but C, who had nothing to do with it, made a different arrangement with me." That is the situation.

Some hon. MEMBERS: Oh, oh.

Mr. DIEFENBAKER: Let me read a portion of the letter of April 14 to the secretary of the intergovernmental committee on refugees, 19 Hill street, London, which says:

> No deduction from the wages will be made by the company for the cost of transportation of the worker from Germany to destination in Canada.
>
> (Signed) Dionne

How is that enforceable in Canada by the girls, who were not party to it and who came to Canada under a different arrangement made between the hon. member for Beauce (Mr. Dionne) and the government of this country? My hon. friends found at last a straw upon which to lean, but when it is looked into—

Mr. HOWE: Complete drivel.

Mr. DIEFENBAKER: My right hon. friend is more qualified than anyone in this house to speak about quibbles.

Mr. HOWE: Because I have listened to so much of it.

Mr. DIEFENBAKER: He has listened to so much; but we have never been able to change him during a current session. We have often changed him in a subsequent session, when he has had opportunity to think the matter over and realize that we were right. I say, sir, that this was just an out for the government. They did not know it existed until late this afternoon. They did not act upon the so-called contract of April 14. Their contract and the agreement they acted upon was the arrangement they made on March 27, ratified as it was by the order in council. I am not going into further details, but when a contract has been made between certain parties I ask, is it possible to change it subsequently as between one of the original parties and a third party? The only way a government can make an arrangement is by order in council or formal agreement. In this case they made it by order in council; and the explanation given this evening is a mere exculpation found after the event. If the debate this afternoon has succeeded in convincing the government that this question of immigration should be faced in this country as a serious problem—

Some hon. MEMBERS: And in the open.

Mr. DIEFENBAKER—yes, brought into the open so that we may know what is going on, and not be hidden behind the doors of a council chamber or yet under a secret order in council, it will have been time well spent.

Some hon. MEMBERS: Oh, oh.

Mr. DIEFENBAKER: My right hon. friend ridicules that, but, after all, parliament has the right to know what is going on, though he has never believed in that doctrine. During the war the government used to hide behind the cloak that it was not in the public interest. Those days are past. It is now in the public interest that each of us should know what is going on in the immigration branch and what is to be done. We had a lengthy debate on immigration but learned nothing about this. The contract, ratified by the order in council, I say to you, Mr. Speaker, denies the principles of the united nations. We talk about fundamental freedoms and human rights. The first human right mentioned among the many forms of human rights in the several submissions were placed before the committee of the united nations was that nowhere in the world, directly or indirectly should there be established contracts of servitude or voluntary slavery.

While these girls have secured their freedom from the awfulness of the camp, they

come to Canada with their freedom two years delayed, a freedom they must buy with the sweat of their brows. I say, sir, that is not immigration; that is no immigration policy; that is no substitute for an immigration policy.

Mrs. GLADYS STRUM (Qu'Appelle): Mr. Speaker, I am sure all hon. members will agree that there is in Canada great sympathy for the suffering and displaced persons of Europe. There is a universal desire to help these people. I was pleased today that the plea of the hon. member for Rosetown-Biggar (Mr. Coldwell) gained the support of members of the Progressive Conservative party, and the leader of the Social Credit group; but I was sorry that the spirit and objective of the debate was more or less violated by the introduction of a political issue.

Through its inaction I believe the government has permitted a bad situation to develop, a situation which is creating a bad odour in Canada. The whole press is airing it, much to our discredit, and no doubt it is being aired in the United States and throughout the world. I do not think it improves our standing in the united nations to have appearing in our daily papers reports which sound like descriptions of scenes from "Uncle Tom's Cabin", which remind one of the old slave markets where girls were put up at auction with someone looking at their muscles and someone else looking at their teeth.

The result is most humiliating, and the whole problem is not being met, because it is a problem of taking care of several things, namely the need for labour in Canada and for a policy of immigration, and the further need of doing something for the displaced persons who require refuge. We are going back, instead of ahead. We are not being creditably represented by our actions—and I think we have brought this on ourselves.

However I believe the government is grateful to the hon. member for Beauce (Mr. Dionne) for doing something about a situation which the government itself has failed to meet. Now the government is taking credit for its high humanitarian ideals in receiving these people. I do not believe it has any right to do that. Personally if I must choose between letting the hon. member for Beauce do something and no one doing anything, I would say, "Let Dionne do it." But I do not think that is a choice we should have to make. The choice is between Canada's facing up to her responsibilities, and letting someone else face up to them. Personally, I am glad someone is doing something, but I do not think the right people are doing it or that it is being done in the proper way.

The government should not now be sensitive about criticism, after all these months have passed and no one has done anything in particular. I have on my desk *Hansard* for 1945, and I open this volume at the proceedings of November 20 of that year where I raised the question with respect to bringing children from Europe. I asked this question of the then minister of national health and welfare:

> I should like to address a question to the Minister of National Health and Welfare. I am sorry that I did not have a chance to give him notice of this question. In view of the appalling conditions prevailing in Europe, and the certainty of death from starvation facing millions of children there, what steps are being taken to give refuge to the children of the stricken countries and bring them to this country?

And the then minister said:

> I do not know that the question properly falls within the scope of the Ministry of National Health and Welfare.

Then I persisted and asked the question of the Prime Minister (Mr. Mackenzie King), who replied at some length, telling me that there was no transportation, that we had to bring men home from overseas and that that was not the time to think about saving children in Europe.

That was on November 20, 1945. I have another reference, so that my skirts are clear, so far as this thing goes; and so far as I was concerned it was not a political issue. And I, personally, have undertaken the responsibility of keeping ten children alive in Europe, myself, this year.

I believe that we do have a responsibility, and that there are a number of things concerning which all are agreed:

1. We are agreed as to the misery;
2. We are agreed as to our responsibility;
3. We are agreed that Canada can take people; and the fact that one person has been able to take 100 indicates the truth of that assumption, and
4. I believe we are agreed that there is need for immediate action, because every member has evidence that people who once had filed application forms are now dead. That is because we have not moved quickly enough.

I am sure every hon. member has in his desk files of letters from people in his constituency who wish to bring in cousins, nephews, nieces or in-laws, but who have not

been permitted to do so because of the regulations of the government. While those regulations were improved, they were not implemented with proper machinery for screening people out of these depressed areas.

It was left to the hon. member for Beauce to find the machinery, and I think he deserves a lot of credit for being able to do something the government would not do. I, personally, am glad that 100 people are coming; but I think there should be a thousand.

And hon. MEMBER: Thousands.

Mrs. STRUM: It should be the government that is bringing them, not one industrialist. Personally, I am glad that the nuns have taken care to look after them, for God knows there is not enough housing in this country for Canadians, themselves. People who have been here for many years cannot get housing. There are families living in chicken coops, families living in improvised garages, and there are thousands of families doubled up with their in-laws, and tearing their hair every day. And then we wonder why we have broken homes! We are short of housing, and I do not know what these girls would do if someone did not do something about housing them. I, for one, have no objection to anyone taking these people in who will take them. But I want to remind the house that we had thousands of families asking to bring relatives into their homes and to assimilate them in their communities, but the government did not find the means or the machinery to enable those people to come. We could have had them today, if we had taken the necessary action.

There are some aspects of the matter which have not yet been considered. Not only must we justify our action, but we must justify our motives and our methods. I believe that our whole development in law has to do with method, and that parliament itself is a monument to method in conjunction with a certain thing we call procedure, based upon justice.

I believe that we have an excellent example of our development in law in the Nuremberg trials. Not only were we interested in justice; we established the most elaborate machinery to carry out the method to see that the ends of justice were served. It is not that we object to people coming into this country—I resent those who get up and say that the C.C.F. is making a political issue of this when they are simply covering up their own failures—we welcome people coming into this country; we have urged for two years now that we bring people in, give them refuge and assistance. But we do say that we must use methods which are compatible with our British traditions of justice, and we must not violate those things which we have built up over the decades and centuries. That is what we object to.

We say that we have not met the problem by letting the hon. member for Beauce do what we should have done ourselves. I am not so much interested in whether that hon. member is paying the passage of these girls. I think it is pretty well established, after we have read the evidence leading up to the contract and the contract itself—this may not be clear but we suspect it—that the difference between the minimum wage and the lump sum will somehow be worked out to consider the passage money. The correspondence is misleading and not reassuring.

If the hon. member for Beauce is paying the passage, then we are at fault. In the case of the Polish soldiers we let somebody else pay the passage. We let the impoverished British government pay the passage of those soldiers and now we are letting the hon. member for Beauce do it. We are sitting back and refusing to do our share to help the displaced persons of Europe find a home. That is the crux of the situation. We still have not met our obligations, and the government must see to it that the machinery which was made available to the hon. member for Beauce to examine these people in regard to their health is extended so that more people can come in more quickly.

I hope that we will canvass the people who need labour because I am sure there are many having labour difficulties. In some industries there is a shortage of labour. I am sure there are many homes which would take these people. I have a file of letters I received when I went on the air last year during the time placed at the disposal of hon. members to speak to their constituents. At that time I made a plea for the displaced children of Europe. I asked my listeners to write to me and tell me whether they would take a child into their homes and raise it as their own child. I had letters by the dozen, not only from German people wanting German children and from French people wanting French children, but from Scotch people wanting Polish children. Some people wrote in and said that they thought Poland had suffered the most of all and they wanted to help those who had lost more than others. We could have placed thousands of children if we had the machinery to allow the gratitude and sympathy of the people of Canada to flow to Europe and to bring back people who needed help and refuge.

Not only have we a responsibility to the people who are strong and most able—if we take only those who can work in our factories and our mills we still have not met our obligations as a Christian nation—but we have also obligations to the people who are broken and ill and we should accept our share of that part of the displaced persons camps. We should not take only those who are able to work in our factories. Having certain industrialists go over to screen off the healthy people and bring them back here is not meeting the situation.

I urge the government not to try to make this a political issue. One thing I am getting awfully tired of in Canada is the practice that began to get popular after the last war. Every time anyone complained about rising prices, every time anyone raised the question of employment or old age pensions he was called a communist. It was thought that by washing him out you could wash out his objections. That is a petty, silly and childish move, but a few people still swallow it and a few people are still willing to use it. I hope that the government will not attempt it. I hope that members of other parties will not use it, because it is a pretty thin and weak argument.

We have a moral responsibility that we should meet. We should not leave this matter to the hon. member for Beauce; we should not leave it to private individuals or industrial concerns. Canada as a nation has the responsibility of bringing the people who need homes into touch with the people who want labour. Canada should provide the transportation, the medical facilities for examination and, through the immigration branch establish citizenship rights for these people whom we hope some day will be grateful not to the hon. member for Beauce, but to Canada as a great Christian nation because she has met her obligations.

Mr. MACKENZIE: I am not going to intervene in the debate, but I wonder if the hon. member for Vancouver East would move on behalf of the hon. member for Rosetown-Biggar that the motion be withdrawn? That would be following the usual procedure.

Mr. MacINNIS: Since the debate is finished and the purpose for which the motion was moved accomplished, I am sure that the hon. member would wish to have the motion withdrawn and I would ask that it be done with the consent of the house.

[Mrs. Strum.]

Mr. DEPUTY SPEAKER: Has the hon. member the consent of the house?

Some hon. MEMBERS: Agreed.

Motion (Mr. Coldwell) withdrawn.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

INCOME TAX—FARMERS

Mr. ARGUE:

What is the present method used by the Department of National Revenue in calculating a farmer's total income tax for the years 1941-1946 in the event of the farmer not previously having filed a return?

Mr. CHEVRIER:

If the farmer has kept full financial records of his operations, the income tax assessments are based on such data.

Where the farmer has kept inadequate or negligible records it is necessary to reconstruct his income by examination of the growth in the surplus of his assets over liabilities, by analyses of such data as to income as can be secured from reliable sources and from such partial records as to income and expenditure as he has actually maintained. There is no one method of doing this which can be applied uniformly in all cases, but the procedures conform as closely as possible to recognized accounting principles.

HOUSING—VETERANS—STRATFORD, ONT.

Mr. BRADSHAW:

1. What was the cost of the land on which the V.L.A. houses at Stratford, Ontario, were constructed?
2. What was the unit cost of the houses constructed on this land?
3. Was a caretaker employed to heat these houses during the winter of 1946-47?
4. If so, what was the cost of his services and of the land?

Mr. MACKENZIE:

1. $3,628.
2. House costs not yet finally determined by cost inspection and audit division of treasury.
3. Yes, two caretakers were employed.
4. Caretakers, $1,200; land $3,628.

ROYAL CANADIAN MOUNTED POLICE

Mr. DIEFENBAKER:

1. How many members of the Royal Canadian Mounted Police have voluntarily left the force since January, 1946?
2. Of these, how many retired at the expiration of their respective attested periods of service?

3. Of those retired, how many had (a) 5 years' service or over; (b) 10 years' service or over; (c) 15 years' service or over?

4. How many recruits have joined the Royal Canadian Mounted Police each month since January, 1946?

5. How many applications by prospective recruits have been received since January 1, 1946?

6. Is the force conducting an active campaign of recruitment?

Mr. ILSLEY:

1. 246.

2. 109.

3. (a) 45; (b) 11; (c) 28; the remaining 25 had under 5 years' service.

1946	
4. January	2
February	25
March	33
April	44
May	10
June	7
July	18
August	8
September	12
October	11
November	12
December	35
1947	
January	72
February	89
March	62
April	81
May 20	45
Total	566

5. 8,166.

6. No, not since April 25, 1947. Applicants since that time have been placed on the waiting list.

CANADA SAVINGS BONDS

Mr. REID:

What steps have been taken by the government with respect to offering a second series of Canada savings bonds this year?

Mr. MAYHEW:

The question of a second series of Canada savings bonds to be offered in the autumn as a continuation of similar offerings last year and of victory loan offerings in previous years, has been under consideration. It is clear that the Canada savings bond received a welcome and widespread response last year as an avenue for encouraging and assisting regular savings programmes of individuals, and of providing a safe and readily redeemable small savings bond. It appears desirable to continue to provide facilities for such purposes, and it has been decided in principle, therefore, that a second series will be offered this autumn, on much the same basis as last year. Details of the issue have not been finally worked out, but will be announced at some appropriate time in the future.

DIONNE SPINNING MILLS—LABOUR SHORTAGE

Mr. COLDWELL:

1. Did the Deputy Minister of Labour, Mr. Arthur MacNamara, communicate with the regional employment office in Montreal, on or about November 23, 1946, regarding alleged labour shortage in the Dionne Spinning Mills of St. George, Beauce, P.Q.?

2. If so, when will the minister table a copy of the report?

Mr. MITCHELL:

1. Yes.

2. It is not the intention of the Minister of Labour to table a copy of the report, which is considered to be a privileged document. It is a report of an employee to a superior officer, and it is not customary to table such reports in the House of Commons.

EMPIRE DEFENCE

Mr. CHURCH:

1. Has the government been consulted or advised of the proposals as made May 16 in the parliament of Great Britain by the Foreign Secretary, the Right Honourable Mr. Bevin, that Britain will withdraw her empire defences and military bases in the Mediterranean, Suez and Middle East and such areas considered a United States responsibility?

2. If so, what action did or will Canada take in the matter?

3. Has a survey been made of the grave danger to Canada's defences by this action?

4. Did the so-called Canada-American defence board suggest it or approve of all this?

Mr. ST. LAURENT:

1. The Canadian government is not aware that Mr. Bevin on May 16 proposed the withdrawal of empire defences and military bases in the Mediterranean, Suez and Middle East and such areas as are considered to be a United States responsibility.

2 and 3. Answered by 1.

4. No.

INDIA AND SUEZ CANAL

Mr. CHURCH:

1. Has any action been taken by Canada with respect to the proposed abandonment of India in 1948, the Suez canal and the situation in India?

2. If so, what stand did Canada take herein?

Mr. ST. LAURENT:

1. It is assumed that the words "the proposed abandonment of India in 1948" are intended to refer to the proposed transfer to India in 1948 of complete powers of self-government in domestic and external affairs.

Canada has appointed a high commissioner to India who will have the duty of keeping in touch with the government of India; of keeping it informed of the views of the Canadian government on questions of common interest and of keeping the Canadian government informed of the views of the Indian government on such questions; and of watching over the interests of Canada and of Canadians within India.

2. As regards the attitude of the Canadian government to the transfer to India of self-governing powers, the Suez canal and the situation in India, there is nothing which can be added to the replies which were made on February 10 and February 24 to similar questions by the hon. member.

IMMIGRATION—ADMISSION OF EUROPEAN RELATIVES OF CANADIANS

Mr. CASTLEDEN:

How many applications have been received by the immigration branch from September 1, 1945 to March 31, 1947, from residents of the province of Saskatchewan for the admission of relatives in Europe to Canada?

Mr. McILRAITH: No statistics are kept of such applications and therefore the information is not available.

UNITED NATIONS—PALESTINE COMMITTEE

Mr. CHURCH:

1. Has Canada any representative on the united nations committee dealing with Palestine? If so, who is it?

2. Has anybody been appointed as adviser? If so, whom; what experience has he had in foreign affairs and has he ever travelled in Palestine?

3. What function, if any, has Canada to perform in dealing with this matter?

Mr. ST. LAURENT:

1. Yes. The Hon. Mr. Justice I. C. Rand of the Supreme Court of Canada. Mr. Leon Mayrand of the Department of External Affairs has been named alternate to Mr. Justice Rand.

2. No.

3. Canada having been chosen as a member of the special committee on Palestine, the Canadian government was invited by the secretary-general of the united nations, in a communication from which extracts were read by me in this house on May 22, to name a representative and an alternate to serve on the committee. The Canadian representative has not been instructed by the Canadian government concerning the policy he is to advocate or support. The Canadian government associates itself with the principle defined in the communication of the secretary-general that members of the committee should act impartially and conscientiously, in accordance with the purposes and principles of the charter of the united nations.

*WHEAT—ALBERTA AND SASKATCHEWAN FARMERS —INITIAL PRICE

Mr. BURTON:

1. Has the government received a request from the interprovincial farmers union council of the united farmers of Canada (Saskatchewan section) and the Alberta farmers union, regarding increasing the initial price of wheat?

2. If so, what action has the government taken in the matter?

Mr. MacKINNON: I might answer this question verbally. The first part of the question is:

Has the government received a request from the interprovincial farmers union council of the united farmers of Canada (Saskatchewan section) and the Alberta farmers union, regarding increasing the initial price of wheat?

A letter came in from Mr. Bickerton, of the provincial farmers union council, and it is possible that the Alberta farmers union have made a similar request but I have been unable to locate any letter.

The other part of the question is:

If so, what action has the government taken in the matter?

The answer to that is: No action to date.

PASSPORTS

Mr. POULIOT:

Why is a passport a confidential document?

Mr. ST. LAURENT: Mr. Speaker, the answer would, of course, be that a passport is not a confidential document. The application for a passport contains statements which are made by the applicant to the department in order to obtain the passport, and it is considered, unless there are special reasons for publicizing such information, that it should be treated as confidential. Likewise the fact that an applicant has requested or obtained a passport is generally regarded as a matter to which publicity should not be given under ordinary circumstances. The document itself is, of course, not of a confidential nature and the holder is free to disclose its contents to any person.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PASSPORTS

Mr. CHURCH:

1. Have any changes been made recently in the form of passports issued by the Department of External Affairs? If so, what changes?

2. What are the express words and text used now in the passports, and on what statute, usage or customs is it based?

3. Have any objections been received regarding it, and from whom?

Mr. ST. LAURENT: Return tabled.

R.C.A.F.—STRENGTH, AIRPORTS, ETC.

Mr. McKAY:

1. What is the present strength of the R.C.A.F. with regard to (a) officers; (b) N.C.O.'s; (c) airmen?

2. How many of these men are on (a) actual flying duties; (b) maintenance work; (c) administrative duty?

3. What airports are now being operated by the R.C.A.F.?

4. What is the strength of the R.C.A.F. in each of the provinces?

5. Are any R.C.A.F. personnel stationed elsewhere than in Canada?

6. If so, where and in what numbers?

Mr. LAPOINTE: The hon. member has agreed to drop items 3, 4, 5 and 6 of this question and I have undertaken to give him the information. As regards items 1 and 2, I should like the question to stand as an order for return.

R.C.A.F.—BENEVOLENT FUND

Mr. McKAY:

1. How many R.C.A.F. members benefited from the Royal Canadian Air Force benevolent fund prior to V-E day?

2. How many R.C.A.F. veterans were recipients of aid from this fund since V-E day?

3. What have been the total disbursements from this fund (a) prior to V-E day; (b) subsequent to V-E day?

TRANS-CANADA HIGHWAY

Mr. PROBE:

1. Is there an official route across Canada serving the purpose of or called a trans-Canada highway?

2. How much money, since 1931, has been granted by the federal government in construction costs, etc., by provinces for (a) the trans-Canada system; (b) other highway construction; (c) bridges; (d) railway overpasses or subways?

3. How many miles of paved highways in each province can be construed as being part of a trans-Canada highway?

4. Were road construction grants made by the dominion government to each province since April 1, 1944?

5. If so, what grants and on what terms or conditions was each separate grant made?

6. What highway or bridge building grants to each province are included in 1947-48 estimates of the federal government?

CANADIAN OFFICERS TRAINING CORPS

Mr. MERRITT:

1. How many active and reserve army officers and other ranks are on the instructional establishments or staffs of each university C.O.T.C.?

2. How many days or hours of duty were carried out during the training season 1946-47 to date by each reserve army member of such staffs or establishments?

3. (a) For how many such days or hours of duty were the reserve army personnel paid; (b) was there during the fiscal year 1946-47 any change in the maximum number of days' pay authorized for such reserve army personnel; (c) if so, what was such change?

CANADIAN REPRESENTATIVES ABROAD

Mr. MACDONNELL (Muskoka-Ontario):

1. What are the names of Canada's ambassadors and ministers in foreign countries?

2. In countries where we have no diplomatic representatives, what are the names of trade representatives?

3. What was the education, training and experience of these various representatives at the time of appointment?

4. What is their length of service since appointment, and in what places?

NATIONAL HARBOURS BOARD

Mr. REID:

1. What ports and harbours in Canada are now managed, operated and controlled by the National Harbours Board?

2. What ports and harbours in Canada are not operated by the National Harbours Board?

3. Has there been any change made by the National Harbours Board in the financial arrangements or in the financial policies which have applied to the said ports and harbours referred to in questions 1 and 2?

4. In what amounts have the said ports referred to in questions 1 and 2 been relieved of their respective debts either as to interest or principle or both, indicating the name of the port and the amount of debt from which each respective port has been relieved?

5. What total expenditures have been made in each of the said ports since inception of the National Harbours Board?

6. What are the revenues from each of the said ports, showing in full and in detail the rates, charges and other levies imposed by the harbour authorities on ships, cargoes, foreshore and land rentals and any other rates, levies or charges made, or revenues secured in each of the said ports and harbours?

7. What is the total indebtedness of each of the said ports?

VETERANS AFFAIRS—SUPERVISOR OF COUNSELLING AND VOCATIONAL TRAINING, QUEBEC

Mr. POULIOT:

1. What is the detailed military record of J. A. Gagnon, supervisor of counselling and vocational training, Department of Veterans Affairs, at Quebec?

2. What is (a) his education; (b) his experience to fill such position?

RUBBER

INQUIRY AS TO POLYMER CORPORATION OPERATIONS

On the orders of the day:

Mr. J. W. MURPHY (Lambton West): Mr. Speaker, I should like to direct a question to the Minister of Reconstruction and Supply. In view of statements in the press today to the effect that the drop in the price of crude rubber may affect operations at the Polymer Corporation, is the minister prepared to make a statement to the house at this time? I learned about this just before three o'clock.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, I have seen only one press report of the kind referred to and that was in the London, Ontario, *Free Press*, reading as follows:

Ottawa, June 1. Despite a break in the price of crude rubber, reflecting a rebound in production, operations at Polymer Corporation at Sarnia, a crown-owned synthetic rubber plant, will be unaffected.

During the past ten days or so, prices on far eastern natural rubber have slipped sharply, and this gave rise to reports that the great Sarnia industry would be closed down.

Today an official government source said flatly that any such stories were untrue.

Admittedly the decline in the price of crude had affected that of the synthetic product, but, said the official spokesman, Polymer still could face competition from natural rubber.

The break in crude had been expected this year, but it had not been anticipated that it would come quite so soon. Unless cut-throat price tactics developed, there was little to fear in the market trend, it was stated.

The Polymer concern is operated in the manner of a private company, but comes under the jurisdiction of Right Hon. C. D. Howe, Minister of Reconstruction. This coming week directors of Polymer are expected to confer with the minister. Doubtless the market trend will be discussed, but the *Free Press* was assured that the meeting was to be "entirely routine."

I did not prepare this press report, but I would consider it wholly accurate.

PENITENTIARY ACT

PROVISION FOR APPOINTMENT OF COMMISSIONER

The house resumed from Monday, May 26, consideration of the motion of Right Hon. Mr. Ilsley for the second reading of Bill No. 177, to amend the Penitentiary Act, 1939.

[Mr. Reid.]

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, when consideration of this measure was adjourned on the 26th of May I had just commenced to speak on penitentiary reform.

I was dealing first with a few suggestions in connection with penitentiary reform, and my first was that the system now in effect requiring regular reports to be made each month should be discontinued in so far as it requires reports to be made almost indefinitely. Some restriction should be placed on reporting, limiting it to a period of, say one year, and so far as those who have served in the armed forces are concerned the requirement in that direction should be removed.

Again, when we discharge men from the penitentiaries they go out equipped with a suit—

Mr. TUSTIN: A suit which everyone recognizes.

Mr. DIEFENBAKER: A suit which everyone recognizes, as the hon. member for Prince Edward-Lennox (Mr. Tustin) points out, and a pair of shoes which can be identified by all. The result is that the man goes out into civilian life ostracized by his own appearance, with the mark of Cain definitely upon him. Why not equip these men with a suit of clothes and a pair of shoes that will not reveal the fact that they have but shortly before been discharged from the penitentiary? I have spoken to men who have expiated their crimes, and that is one thing they have asked for above everything else, the opportunity of going out into society without being branded by their appearance.

I have taken occasion, as hon. members in all parts of the house have, to read in *Hansard* the debates during the last fifteen years dealing with the question of penitentiary reform. The hon. member for Broadview (Mr. Church) throughout the years has made a great contribution and has repeatedly asked that the grand jury have the opportunity and privilege of visiting penal institutions on each occasion prior to the assizes. The grand jury does not exist in many parts of our country, but there should be some form of inspection.

Over the years the hon. member for Davenport (Mr. MacNicol) has made his contribution, and as I read the records I think of one who, over the years, made her contribution. She is no longer a member of this house. I refer to Miss Agnes MacPhail. All these members, and many others who are here today but who were not here ten or fifteen years ago, have made their contributions.

Never was I more impressed with the necessity of there being some form of inspection than by the information which I have received in recent weeks regarding one Canadian institution which does not come under the control of the Department of Justice. I am referring to detention institutions. If the information brought to my attention in respect of one of these is in accordance with the facts it deserves the earliest possible inspection by a man like the gentleman who now presides over the penitentiary service. I refer to Nacnab island near Halifax. It is a naval and army detention institution. The information I have received reveals depressing stories of severity which deserve inspection and consideration by our penal authorities. I should like to see this institution inspected by General Gibson. He should be allowed to go through the place and interview all those confined there as is the case in the other detention camps. He should be permitted to do it confidentially, so that each individual will feel free to report on the conditions that he wishes to report on without having his identity revealed by the fact that he was interviewed by General Gibson.

There was a matter mentioned the other day that had to do with a question asked by a most distinguished practitioner at the criminal bar, the hon. member for Calgary West (Mr. Smith). In the course of his speech he asked the question whether or not consideration was being given to a law such as is to be found in the state of New York where, after four convictions for a definite type of crime, a man is removed from circulation. To this the minister replied:

The hon. member will find that consideration was given to that recently.

I do not know what the result of the consideration was but, having regard to its operation, I hope the answer was in the negative, although the answer given by the minister would indicate that favourable consideration had been given to it. To accept the necessity for a measure such as that at this time when the work of reformation has not been given a chance and the new plans as set out by General Gibson have not been experimented with, if you like, would be a retrograde and defeatist attitude. It is true that that law is in effect in the state of New York. It is known as the Barnes law. In Britain as well there is a similar law known as the Habitual Offenders Act, but it was brought in only after about twenty-five years of reformation having been undertaken, when it was definitely assured that, so far as repeaters were concerned, there was no hope of reformation, regardless of what the state might do.

In any event, my reading of Cohen's Criminal Cases in Britain reveals that the court of appeal views with the utmost care the application of that law. I find, too, that when juries come to realize that a conviction for a fourth offence will mean imprisonment for life, or, as in Great Britain, for a period of ten years, they do what they do everywhere in the world when they realize that a law is unfair and unjust; they interpret that law, not in the light of the law, but in the light of their desire to carry out the principles of justice. Regardless of the evidence, they will, in the circumstances, acquit.

If the minister has looked into this question I suggest he will find that now is not the time for such an act. We are twenty-five, thirty-five, forty years behind in Canada in comparison with other parts of the world in the matter of penitentiary administration. In a large proportion of the cases we have failed to provide reformation. I mention the inspection because, after all, inspection shows what can be done. I mentioned that the other evening. But let us first bring in this new system that General Gibson suggests. Then, after a period of ten or fifteen years, if it is found that reformation will not operate in certain cases, consideration might be given to bringing in an automatic life-term forfeiture piece of legislation.

I cannot quite understand why the government saw fit to depart from one of the major recommendations of the Archambault commission, namely, that of a commission of three. On May 3, 1939, the hon. member for Broadview asked the then minister of justice, the late Mr. Lapointe, what action would be taken to appoint a commission under the law in that regard which received royal assent on April 25, 1939. The answer was that it would be constituted in due time. Well, years have gone by. During the war the excuse was that a war was on, and I am not saying that it was not a good excuse. That was the explanation. Then, by an amendment to the Penitentiary Act, we set up a commission to reinvestigate what a commission had already spent a long period of time investigating. It recommended that the royal commission which heard evidence all over Canada and throughout various parts of the world and based its recommendation on a commission of three, should be departed from. I am in agreement with the hon. member for Kindersley (Mr. Jaenicke) that this is not the time to make such a change. The commission

of three, composed of outstanding men, one of whom is today the Chief Justice of Ontario, trial division, Mr. Chief Justice McRuer, apparently has not changed his mind in that regard. However, the recommendation is to be changed.

I suggest that even yet the government should return to the principle of a three-man commission rather than adopt that of a one-man commission with two assistants, whose work will be of a scientific nature. Some say to me, what difference does it make? The other day the minister asked my hon. friend what difference it would make whether it was a one-man or a three-man commission. What the minister is trying to do is to lay the foundations for a new and better penological system than we have ever had before. With one in charge, in the nature of things he is more or less hampered by the attitude of the department or the minister. With three, there is a division of responsibility. Three are in a position to say, "We are going to carry out what we think is right. We are being placed in charge and we are going to administer the system." But with one man, the responsibility falls on him; and whatever his views may be and however desirous he may be of carrying out the best system and bringing into effect the latest in scientific penological knowledge that is available, over and above him he has a stratum which he must break through, namely a group of individuals who have been administering the law over the years. All of us, being human, believe that what has been good enough for the last twenty or thirty years should not be changed all at once. I suggest to the minister that he give consideration to that matter and place before the house and the country in the fullest possible way the reason why he has seen fit to depart from a recommendation which has been made by the Archambault commission and which has been generally accepted everywhere in this country by gaol and penitentiary welfare associations, by penitentiary chaplains who are close to the problem, and also by the wardens of the several penitentiaries.

I now pass on to the next phase. One of the recommendations which the hon. member for Davenport has pressed for over the years has been the bringing into effect of the Borstal system. He has visited the great gaols in the United Kingdom. He has studied the operation of the Borstal system. He has added the weight of his authority and experience to the recommendations of the commission. But we are today no nearer having that system than we were in 1938. Of course the reason for that is that under the British North America Act there is a division of power regarding penological institutions, whereby gaols and reformatories are under provincial jurisdiction and penitentiaries are under federal jurisdiction. But the Archambault commission recommended that the Borstal system be brought in. That recommendation must have been made after consultation with the attorneys general of the various provinces. That recommendation could be carried out by agreement between the federal authorities and the provinces. When the minister replies, I think he should frankly tell the house and the country whether he has been in communication with the provincial attorneys general and what has been done in this regard; because it is a matter of only a few years ago when—according to Mr. McRuer, K.C., as he then was, and as I understand the speech that he made—without exception the various provincial authorities were willing that this be carried into effect.

This is one of the matters which should have come before the dominion-provincial conference in any event. If the government or members of the opposition realized that this was a problem, the solution of which would have a bearing on determining the number of votes, more attention would be given to it. Under those circumstances, this would have been a problem which would have come before the dominion-provincial conference. Apparently it never did. It is true that it concerns the welfare of some 3,600 convicts, but they are human beings too. We talk about recidivists and how they keep coming back three, four and five times. But, sir, where the kind of treatment is accorded which can be given by a warden who is moved by humane feelings, the number of recidivists is always greatly reduced.

I personally have had some little experience over the years with regard to criminal jurisprudence, and I have not seen, in my experience, one instance of an individual who was either convicted and sent to the penitentiary or acquitted after being charged, who ever again became involved in the commission of crime. I think it is a matter of the personality of the individual. There is a difference in wardens.

When you take prisoners from one jurisdiction and move them into another, the statistics of the jurisdiction into which they are moved do not show the true facts.

With regard to the Saskatchewan penitentiary, amongst the convicts from those two provinces who have come into that institution there have been few recidivists. When you place dangerous criminals and repeaters in

those institutions, you not only undermine the discipline of the place, but also destroy the possibility of reform on the part of many with whom the experienced convicts come into contact.

Now is the time to call a dominion-provincial conference in this regard, so that once and for all we may settle this problem, and the dominion may go as far as it can in carrying out, in association with the provinces, the recommendations of the Archambault commission. Unless you bring that system in, you are building from the roof down. While you may be able to build some kind of place in that way, you can never build as you could if you laid a foundation. You are starting in on the superstructure and using the old foundation. But you cannot hope to achieve the results that could be achieved if you started out once and for all today to bring in a system which has been recommended and which has been found successful in other parts of the world. As a matter of fact, the United Kingdom tried this thirty-nine years ago. They brought in a new system. They departed from the Old Testament principle of an eye for an eye and a tooth for a tooth. Cruel and unfair punishments were abolished 100 years ago, but unfairness still continued, and cruelty was perpetrated on prisoners. Then came the new era and the result has been this. There have been few recidivists, and 17,000 individuals who committed the most serious offences against the criminal law of Great Britain have in the last twenty-five years been completely reformed and become first-rate citizens in that country.

I am just advancing suggestions that have come to me as a result of my own small experience. You put a man in jail; he serves his term, and the mark is on him. At the end of his term he comes out, and over the years his record comes up. These men become cowards, fearful of a revelation being made. If they go to an employer, unless they have assistance from some organization, and tell of their prison records, they are under suspicion. If they are discharged from prison and have to report regularly, finally they have to let the employer know. There is no one to care for them after they leave the penal institutions. Sometimes that information being given an employer results in the dismissal of the individual, and he is on his way back to another penal institution because there are few reformative institutions available to him. That brings me to the next point. Our criminal code is, in large measure, outmoded. The last major amendment was in 1892, when codification took place. Punishments totally out of keeping with present-day conditions are still provided. Modern scientific developments in psychology, psychiatry and sociology have no place in the administration or application of the criminal code. The law of insanity is still the law of 104 years ago. In the report, reference is made to provision for taking mental cases out of the penitentiaries and sending them to mental institutions. That may be so today, but it was not a fact two or three years ago; for in Prince Albert penitentiary there was a criminal with homicidal tendencies, mentally deficient, who the authorities were warned over a considerable period of time was dangerous. He was kept there; the authorities did not pay any attention to the objections raised. Finally he brutally stabbed one of the warders, Mr. Charles Chisholm, who was saved by one of the lifers who was prepared to give his life for the warder. After that a change was made; but I could name a prisoner, though I am not going to, who was found to be mentally deficient and dangerous fifteen years ago, but who is still confined in that institution along with the other prisoners.

I suggest that each prisoner, as General Gibson has stated, should be carefully examined and, where there is serious doubt—not assumed doubts—he should be transferred to the care of an institution where psychiatrists will be able to study his case and perhaps bring about a restoration of his mental faculties. In the mental hospital at North Battleford great work is being done in that regard. Today when we were speaking of immigration I thought of the man there who, under the leadership of Doctor Nelson, is doing that work. He was a Czech refugee in 1939, and started a system of psychological experimentation. He was educated in Vienna under Freud, and has brought back quite a number to a realization of their wrongdoing and a desire for reformation, through the removal of fears which originally drove them to the commission of crime.

I spoke about a start. I suggest to the minister that the criminal code be amended to provide that no man may be imprisoned by reason of his poverty, because of his inability to pay a fine. I have spoken about this on previous occasions. One sees it regularly. You have seen it in your practice, Mr. Speaker; every member of this house who is a member of the bar has seen cases where fines are imposed with jail terms as

the alternative. An individual who is unable to pay because of poverty is liable to imprisonment, and in many cases suffers imprisonment for this one reason.

Mr. DEPUTY SPEAKER: Order. I must inform the hon. member that his time has expired.

Some hon. MEMBERS: Go on.

Mr. ILSLEY: Go on.

Mr. DIEFENBAKER: I shall not deal with the other matters I had in mind, but I have one other suggestion in that connection. Imprisonment because of inability to pay a fine has been done away with in Great Britain. Let us do away with it in Canada. Failure to pay a fine should not give poverty a compulsory passport to imprisonment. The individual who is imprisoned for some petty offence serves his term and is marked, and from that point many of them start on the downward path on account of the ostracism which is shown to individuals who have suffered incarceration because of the commission of offences. People do not separate the different offences and say, "Well, it was a picayune matter." All they understand is that the individual has served a term.

My concluding words are in reference to the staffs. However well disposed we may all be toward the matter of reformation; whatever our desire may be to improve the administration of criminal law, the work finally will rest upon those charged with that administration. As far as the two commissioners who will operate along with General Gibson are concerned, there should be available outstanding psychologists, penologists or educators. Advances are being made by the provinces. Ontario has made great advances in the last two years under the Hon. Mr. Dunbar. I pay tribute to what has been done in Saskatchewan even in the last few months as a consequence of the momentous report which was made by the Doctor Laycock commission in regard to the question of penal reform. We should recruit for these institutions men and women trained in social and penological science. The universities have many students, overseas men who have returned to this country, who would be only too willing to undertake that type of study, if they were given the opportunity. If this plan of reformation is to be set up, and if we do not have the proper personnel, we are again in the position where, while we have the letter of the law, the spirit will not and cannot be carried out.

[Mr. Diefenbaker.]

I am glad that, under the report, consideration is to be given to increasing the salaries of guards. Major consideration should be given to that matter. There may be some who will say, "You advocate cutting expenses, but at the same time you advocate increasing salaries". I have never advocated increases before. I have never preached both ways. But if we are to make the penal institutions of this country worthy of the responsibility which will rest upon them, I submit, first, that we shall have to come back to the system which prevailed prior to the thirties, whereby the employees will be placed under the Civil Service Act.

I know what the arguments against this would be. But these employees want permanency. If the government wants to recruit the best men it will have to meet the rate of salaries. The present system has its shortcomings, in that efficiency is not always the basis upon which appointments are made. First, we should give opportunity to the servicemen of this and the last war, second, a training course should be provided for so as to encourage young men who have been discharged from the armed forces to go into this work. Salaries should be made attractive enough that the best may be recruited, and permanency must be assured.

I wish to thank the house for its consideration in allowing me to do what ordinarily I do not do, namely, go over the forty minutes allowed. I have endeavoured to place these few suggestions before the minister, based as they are on some knowledge of the subject. General Gibson's report is one which shows that he has devoted himself to the responsibility which has been his. It is the place of parliament at this time, when we are making changes in the Penitentiary Act, to go as far as we can to the end that we make it worthy of the challenge which must come to all of us to make those who are discharged from penal institutions reformed individuals, worthy and willing to take their place in the battle of life.

Mr. H. O. WHITE (Middlesex East): Mr. Speaker, during the past I have had the opportunity of listening to lawyers, preachers and teachers deal with agriculture, so that tonight for a change I think it would be all right if a farmer were to deal with justice.

The farmers in my constituency have been waiting for justice since June, 1945, and we have not got it yet. One of the reasons I rise tonight is that in my constituency two young lives have been ruined, and one has been lost. I feel, in one case particularly, it was probably on account of lack of cooperation between the dominion federal prison at Kings-

ton and the mental institutions of the province. I have some references to make later, and probably at that time I shall have an opportunity to develop this matter more fully.

I have had an opportunity to meet and talk with Mr. Allan, the warden of Portsmouth, Doctor Crawford the psychiatrist, and Mr. Sauvant, acting superintendent of penitentiaries and the remission service, and I have no fault to find with them. They were doing their best, under the conditions laid down for them. They did their very best to help these cases to which I have just referred.

In my opinion, federal prisons are post-graduate schools in crime. The two young men to whom I have referred were sent there as first offenders and put in with hardened criminals. The Archambault report states that 188 recidivists were convicted 3,434 times at a cost of $25,453 to the country. It seems to me that it is a crime to put these young first offenders in prison with the hardened types of criminals.

Long ago a man named John Galsworthy, an English apostle of justice, said that "in prison, as in life, a man can be reformed only by kindness". Nothing can be done about the young man who lost his life. I hope that he will not have lost it in vain, and that this circumstance will create in the minds of our government officials and in the handling of our prisons a better condition. If this develops, his sacrifice will not have been in vain.

Another young man of whom I spoke was caught in a stolen car. He was not in charge of the car himself; it was being driven by another man. He refused to give evidence or to talk, because he felt it would embarrass his people back home if they found out he had been caught in this act. He was given six years in prison. There was no one to defend him, and when he came away from that institution he was bitter toward society. Perhaps we would feel the same way, had we been in the same position.

I quote the following from *Everybody's* magazine of December 7, 1946, where it deals with prison reform:

> A sensitive and intelligent public opinion combined with the efforts of experts, led to the prison act of 1898, in which work in association was allowed, a most important measure, remedying one of the glaring defects of the old system. In 1911, Mr. Winston Churchill, then home secretary, after seeing a performance of Galsworthy's moving play "Justice," which deals with the subject of solitary confinement, abolished this relic of the dark ages and put the civilized world in his debt.

It is a long article in *Everybody's*, and I suggest that those who are interested should get the article and pursue it further. I have here the letter from the warden's office regarding the particular case to which I referred a moment or two ago, and this illustrates the lack of cooperation between our dominion prisons and the mental hospitals of the province. This reads:

> You have also raised the point in regard to having your son transferred to a mental hospital. We all agree here that this would be the proper place for him in his present condition. However, due to abnormal conditions it has not been possible for us to arrange for the admittance of mental patients to a provincial institution for several years.

And then the letter from the doctor reads:

> What should be done is that he should be transferred to a mental hospital for further care.

I do not want to take up a great deal more of the time of the house. I feel sure that if we act on the recommendations of the various commissions and other bodies which have investigated prison affairs, surely in this day and age we can work out a better system. I have appreciated, and I think the house has appreciated what the hon. member for Lake Centre (Mr. Diefenbaker) has just said. When I talked with Doctor Crawford at Kingston he told me that there were some six other inmates who really should be in mental hospitals rather than in a federal prison.

On motion of Mr. Mackenzie the debate was adjourned.

SUPPLY

Right Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved that the house go into supply.

He said: Last week the house was kind enough to consent to call some items in supply. We asked for four, but, after discussion with the leaders, we agreed to call three items tonight, not for discussion, but just to get them into committee. That would give us thirteen out of twenty.

Motion agreed to and the house went into committee of supply, Mr. Macdonald (Brantford City) in the chair.

POST OFFICE DEPARTMENT

261. Departmental administration, $1,203,977.

Mr. MACKENZIE: May the item stand?

Item stands.

DEPARTMENT OF PUBLIC WORKS

279. Departmental administration, $227,019.

Mr. MACKENZIE: May the item stand?

Item stands.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY

349. Dominion fuel board—administration and investigations, $38,004.

Mr. MACKENZIE: May the item stand?

Item stands.

On motion of Mr. Mackenzie the house adjourned at 10.58 p.m.

Tuesday, June 3, 1947

The house met at three o'clock.

WHEAT

INQUIRY AS TO FULFILMENT OF CONTRACT WITH BRITAIN

On the orders of the day:

Mr. T. J. BENTLEY (Swift Current): I wish to direct a question to the Minister of Trade and Commerce. Will he inform the house if Canada is fulfilling her contract for wheat delivery to Britain in accordance with the terms of the contract?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): The hon. member sent me notice of his intention to ask this question. In reply I wish to state that the total wheat contract for this year is for the shipment of 136 million bushels. Of this amount, 99 million bushels were shipped to the United Kingdom to the end of May. That leaves 37 million bushels which will be shipped, I have no doubt, during the last two months of the year. As to flour shipments, all these have been made or are on the way.

Mr. BENTLEY: Making the full contract?

Mr. MacKINNON: Making the full contract.

FISH

REQUEST FOR MEASURES TO PROTECT FOREIGN MARKETS

On the orders of the day:

Mr. R. H. WINTERS (Queens-Lunenburg): I should like to direct a question to the Minister of Trade and Commerce, of which I have given him notice. In view of the increased general competition for export markets, and press reports that the United States congress has received representations to increase tariffs on Canadian fish, will the government take whatever steps are necessary to protect our foreign markets for fish by reciprocal tariff adjustments, trade agreements, favourable freight rates, or otherwise?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): The hon. member for Queens-Lunenburg gave me notice of his intention to ask this question. In reply I can assure the hon. member that the Canadian delegation to the international conference at Geneva, where such matters are being considered, was fully and carefully briefed with respect to all phases of our fish trade with the United States and other markets abroad, and can be relied on to see that any developments affecting this trade are given the care and attention they deserve.

PUBLIC WORKS

BREAKWATER PROJECT AT PORT MORIEN, N.S.

On the orders of the day:

Hon. ALPHONSE FOURNIER (Minister of Public Works): On Friday last the hon. member for Cape Breton South (Mr. Gillis) asked the following question:

Can the minister tell the house when work will begin on the breakwater at Port Morien, Cape Breton, for which an appropriation of $300,000 was made last year, or have the tenders been called for, for this project?

The answer is that plans and specifications are in the course of preparation. It is expected the department will be ready to call for public tenders within the next three weeks. In view of the shortage of technically trained personnel this slight delay was necessary.

BOY SCOUTS

TRANSPORTATION TO ATTEND JAMBOREE OF PEACE AT PARIS—SUMMER PLANS FOR H.M.C.S. "WARRIOR"

On the orders of the day:

Mr. R. W. MAYHEW (Victoria, B.C.): In view of the fact that I have been receiving a great many letters and telegrams asking if arrangements could not be made for the transportation of some boy scouts to the post-war jamboree at Paris, I should like to ask either the Minister of Transport or the Minister of National Defence if such arrangements can now be arranged.

Hon. BROOKE CLAXTON (Minister of National Defence): Yes, Mr. Speaker. Representations have been received from the hon. member for Victoria (Mr. Mayhew) and other hon. members. Perhaps I might take advantage of this opportunity to make a statement on the plans for the summer for His Majesty's Canadian Ship *Warrior*.

On June 8 she will put to sea from Halifax on the first of two local cruises lasting until

June 24. These will concentrate on the training of reserve personnel. An annual leave period for the first watch will follow.

On August 2 *Warrior* will sail for the United Kingdom to ferry personnel of No. 803 and 825 squadrons. These are the men who will man the new Sea Fury and Firefly IV aircraft of H.M.C.S. *Magnificent* when she is commissioned. A number of R.C.N. (reserve) men, doing annual training, will also be carried.

On this crossing there will be 25 R.C.N. sea cadets who will be visiting the United Kingdom under the sponsorship of the Navy League of Canada. It has also been possible to arrange accommodation on *Warrior* for the specially picked Canadian boy scouts who are attending the international jamboree of peace in Paris. This group will probably consist of one complete scout troop numbering about 35. Accommodation could not be arranged for these groups on passenger vessels, and as the *Warrior* was making the trip anyway their passage could be undertaken without additional expense.

Warrior will return to Halifax, at the end of August, when the annual leave period for the second watch will begin. Between October 1 and October 21 she will be at sea for deck landing training. This will be carried out by No. 883 and 826 squadrons, manning her Seafires and Firefly I's. Later in the year the carrier will again sail for the United Kingdom to act as depot ship for her successor *Magnificent* prior to being paid off when the latter commissions.

HOUSING

PRESS REPORTS AS TO PLANS FOR MUNICIPALITIES

On the orders of the day:

Mr. DONALD M. FLEMING (Eglinton): I wish to direct a question to the Minister of Reconstruction and Supply relating to a report appearing in this morning's *Journal,* to the effect that the government is bringing down a new housing plan which is to be placed before municipal governments for study.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I read the report in question, Mr. Speaker. I have had no direct communication with the mayor of Ottawa, and therefore do not know to what his comment refers. The housing branch of the department of reconstruction is constantly placing new housing plans before cities, and it is quite possible the department has placed a plan before the city of Ottawa; but if so I am not familiar with the details.

TIN

STATEMENT AS TO ALLOCATION TO CANADA

On the orders of the day:

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Perhaps I might give some information which was promised at an earlier sitting in reference to tin. With the concurrence of my colleague the Minister of Finance (Mr. Abbott), under whose jurisdiction the non-ferrous metals administration of the wartime prices and trade board comes, I wish to make a statement to the house on tin supplies. Hon. members will recall that last week I made a brief reply to a question asked by the hon. member for Durham (Mr. Stephenson) on the subject and promised to add to it later.

The current shortage of tin in Canada arises out of sharply reduced output from the Malayan field which is the principal world source of the metal. When Japan controlled this area during the war a great deal of damage was done to tin mining facilities and it is expected that not until well into 1949 will production in Malaya be up to standards prevailing before the Japanese occupation.

Allocation of available world tin supplies is determined by the combined tin committee, an international body which sits periodically in Washington. Canada became a member of the committee in the session of March of this year. At that session the Canadian delegate was Mr. Clark Wilson, then deputy administrator of non-ferrous metals, a capable and dependable officer with many pre-war years of experience in the metals industry.

At the March meeting of the tin committee, because of the gloomy outlook for supplies, the committee was able to allocate to Canada, for the first half of this year, a bare 55 per cent of our minimum estimated requirements. This quantity, to correct my statement last Tuesday, represented only about 40 per cent of our allocation for the corresponding period of 1946, when world stocks were heavily drawn upon.

In the face of this situation it has been necessary to maintain a careful supervision over releases and uses of tin. Hon. members will realize that our food pack and dairy industries are heavily dependent on supplies of this metal. It is absolutely indispensable in modern industry. As may be imagined, the authorities concerned have been hard put to it to look after essential consumers as well as to keep the less essential manufacturers supplied at least on a minimum operating basis. Nevertheless, for the first four months of this

year, Canadian industry received more tin than in the same period last year. This was accomplished, of course, by drawing upon stocks. To date, so far as we know, nobody has had to shut down.

Our purchases in past weeks have been rather more encouraging and we have reason to hope that the position will gradually improve. The next meeting of the combined tin committee is the middle of this month and our delegate is being instructed to press strongly for a greatly increased quota.

IMMIGRATION

ADMISSION OF EUROPEAN RELATIVES OF CANADIANS

On the orders of the day:

Mr. G. H. CASTLEDEN (Yorkton): I should like to direct a question to the acting Minister of Mines and Resources, in view of the reply given yesterday to a question I asked. Is there any possible means whereby a member of this house can obtain figures or approximate figures of the number of applications received by the department from the people of any province for admission to Canada of their relatives from Europe?

Right Hon C. D. HOWE (Acting Minister of Mines and Resources): I shall be glad to investigate the situation and give my hon. friend a reply at a later sitting.

P.E.I. CAR FERRY

FREIGHT RATES BETWEEN BORDEN AND TORMENTINE

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): I should like to direct a question to the Minister of Transport arising out of a special report which came from Ottawa to the maritime provinces on May 28. I had an urgent call from a man who is anxious to go into private enterprise, namely the truck transfer business. My question to the minister is, at what date are the freight rates on the Borden-Tormentine car ferry to be brought into line with the Wood Islands-Cariboo freight tariffs, namely a nominal charge for vehicles and no charge for freight load of any class of commodity.

Hon. LIONEL CHEVRIER (Minister of Transport): The matter to which the hon. gentleman refers has been receiving the attention of the officers of the Canadian National Railways as a result of representations received from the members from Prince Edward Island and other sources there. I am not in a position to tell the hon. gentleman what the situation is at the moment, other than to say that the Canadian National Railways are giving particular attention to this subject, and I hope will be able to make an announcement very shortly.

(Translation):

PRIVILEGE—MR. CLAXTON

WRONG NAMES GIVEN IN CONNECTION WITH A PHOTOGRAPH PUBLISHED IN "LE SOLEIL"

On the orders of the day:

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, I rise on a question of privilege. A photograph showing Canadian army officers has appeared in a Quebec newspaper, *Le Soleil,* under the caption "For the amalgamation of labour unions". Besides that title, we could read the following details:

Representing about 13,500,000 workers, the leaders of the main labour unions in the United States have recently met for the purpose of discussing the amalgamation of their organizations. Reports from Washington indicate some progress along that line at that labour conference. The labour leaders are, from left to right: William Green, president of the A.F. of L., Philip Murray, president of the C.I.O., Daniel Tobin, president of the A.F. of L. Teamsters Union, and John L. Lewis, president of the A.F. of L. United Mine Workers.

Now, Mr. Speaker, the persons appearing on that photograph were the following: Lieut. Colonel Roberge, commanding officer of the Royal 22nd Regiment, Colonel Charlebois, director of infantry, as well as other Canadian army officers. These persons are not better than the others, but they are different.

(Text):

PRAIRIE FARM ASSISTANCE

CROP FAILURE PAYMENTS—AWARDS TO FARMERS WITH MINIMUM PRODUCTION

Right Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend The Prairie Farm Assistance Act, 1939, to provide that the two schedules of payment now provided under the emergency year section and the crop failure section be merged and become payable in any year without specific authority from the governor in council and without requiring that a minimum number of townships be eligible before the crop failure schedule of award is payable; that the restriction in respect to the payment of awards to farmers with a certain minimum production of wheat may be removed; and that certain provisions be clarified in order to facilitate administration.

He said: The resolution on the order paper is one providing for the introduction

of a bill to amend the Prairie Farm Assistance Act. I believe there will be general agreement in the house with regard to the amendments proposed.

Sections 3 and 4 in the present act provide for payments of certain amounts on an acreage basis, in a year when the government declares it an emergency year, under section 3, and when it is declared to be a crop failure year, under section 4. The proposed amendments do away with the necessity for the government's declaring any year an emergency year. They also do away with the necessity for there being any number of townships over and above one in order to have it declared a crop failure year.

The provision for two different ranges of payments is entirely done away with, and the measure will operate automatically. If there is one township or more in which there is a yield of eight bushels or less, payment will be made on the basis provided in the amended act. The only difference in the basis of the provision is that section 3 did provide for payment in the lower category, or from four bushels down, while section 4 provided for payment from five bushels down. Payment as it was made for five bushels down, in the act as it was, will now be made from four bushels down and will go into effect automatically in every township in which there are four bushels or less. That is the principal change made by the amending bill. The provision now in the act whereby any farmer in a township where payment was made, who had over three thousand bushels of wheat, was denied payment, is taken out, so that no matter what bushelage he has, he is entitled to payment.

Some other amendments are designed to clarify the meaning of the act and to bring into effect the provisions of which I have spoken. These, however, are the two main amendments.

It is my intention that as soon as the bill is printed and prepared for second reading it will be referred to the committee on agriculture. Any questions which hon. members desire to ask or any proposals they wish to make with respect to the measure may be discussed fully in committee and of course can be discussed on second reading of the bill if the house so desires. However, the suggestion that the bill go to a committee would perhaps provide a reason why the principal discussion, for the time being, might take place there. I would suggest that the resolution go now to the committee of the whole.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I do not rise at this time to enter into a debate on this resolution. I just wish to say that the time for amending this act is now long past. The house will therefore welcome the amendments suggested by the minister. The proposal that the discussion take place in committee is a good one. Hon. members in this party are prepared to let the resolution pass now, and to have the debate not so much in committee as on second reading after the principles of the amendments are made clear by the minister.

I shall not take any further time now. But I might ask the minister if it is his intention to refer the amendments proposed to the committee on agriculture.

Mr. GARDINER: Yes.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I should like to ask the minister a question. I know he has been receiving representations from many parts of the country for the extension of the Prairie Farm Rehabilitation Act to other sections of Canada.

Some hon. MEMBERS: This is the Prairie Farm Assistance Act.

Mr. H. R. ARGUE (Wood Mountain): Mr. Speaker, I welcome the statement by the Minister of Agriculture (Mr. Gardiner) this afternoon, and I believe we in this group can approve the changes he has intimated are likely to take place in the act. I had a resolution placed on the order paper this year asking that the provision of the act be extended. I believe when we are considering prairie farm assistance we should consider making it applicable to other parts of Canada—for instance to the fruit growers in the Niagara peninsula of Ontario, the fruit growers of British Columbia, the tobacco growers of Ontario, and the fruit growers of the maritime provinces. All these would receive a good deal of benefit if the act were extended, and if benefits were paid on account of crop failures to all farmers in Canada suffering such failures.

This year, on account of the lateness of the season, many counties in Ontario and Quebec are likely to experience widespread crop failures, perhaps the worst in the history of the area. I should hope that consideration might be given to the extension of the act so that farmers throughout the country may have adequate protection from crop failures.

I am interested in this legislation, too, because I represent a constituency in the Palliser triangle, the area in which this act has been of greatest benefit to the farmers.

It has been stated in the house on various occasions that the settlement of that area was a mistake. Let me say that large production of grain and dairy and meat products has come from that area, so that the whole of the Palliser triangle forms an important part of the agricultural producing area in Canada and contributes heavily in agricultural products for the nations of the world.

There are many faults in the present act and certainly the changes that have been suggested will be welcomed. We hope that more changes will be made when the bill is presented to the house.

This act now provides some measure of security to the farmers. The government stated many times at the dominion-provincial conference that it would do everything possible to provide the people of this country with security. For instance, one of the statements in the government proposals was this:

> In familiar terms, our objectives are high and suitable employment and income and a greater sense of public responsibility for individual economic security and welfare.

And again:

> The dominion government feels it has a responsibility to assist the industry (meaning agriculture) in making the necessary readjustments to peace time circumstances and to work in cooperation with the provincial governments to provide for a greater degree of stability in farm income and a greater measure of security than has prevailed in the past.

The bringing of this legislation before the house at this session will give the government a chance to show the people whether or not they are really going to give the farmers security. The present provision for a possible payment of $2.50 per acre on half the cultivated acreage, or a maximum payment of $500, is not giving our farmers security. We in this group recommend that the benefits be increased to at least $6 per acre, that they be paid on an individual basis and that if necessary the deductions be increased so that more money may be paid into the fund for extending these benefits.

Some hon. MEMBERS: Carried.

Mr. ARGUE: There may be a lot of "carrieds", but I do not care where they come from. This is an important resolution and I intend to speak on it.

I have made a calculation of what I consider to be the minimum cost of carrying out farming operations on an average farm in southwestern Saskatchewan. The cost of farming is cheaper per acre in this part of the province than in any other part, but the cultivated acreage is larger, so I have no doubt the total cost per farm will compare reasonably well. The average size of farm is 325 acres. Under the act a farmer can receive $2.50 per acre on half of his cultivated acreage, which would make his payment approximately $400. It will take at least 200 bushels of wheat to seed 162 acres at a cost of $240. It will cost not less than 75 cents per acre, or $121.50, to seed those 162 acres. Summer-fallowing operations will cost 75 cents per acre and for two operations $243. The total seeding and summer-fallowing costs are more than $600. On the basis of the payments received under the P.F.A.A. on a crop of less than four bushels per acre this average farmer will be $200 in the red on his seeding and summer-fallowing operations. He would not have one dollar from the fund to provide for the payment of taxes and interest on his debt, to say nothing of providing for the cost of his own living and the maintenance of his family.

To increase the payments to $6 per acre would provide a maximum payment of $1,200, or a payment to the average farmer of approximately $1,000. If that increased payment was provided for in the act it would be little enough in view of the great increases which have taken place in farm costs. These increases have taken place because the government saw fit to remove the price ceilings. The increased farm costs are directly a result of the action of the government. Therefore I contend it is the responsibility of the government to see that the farmers are protected in time of crop failure.

There is another reason why the payments should be increased. I refer to the decision of the supreme court outlawing the Saskatchewan farm security act. The Department of Justice of this government took that act to the supreme court where it was declared to be ultra vires. That act meant a lot to the farmers of Saskatchewan in time of crop failure. If a man had a $5,000 mortgage and his interest rate was six per cent, the farm security act would have saved him $300. Many farmers are going to have increased expenses in years of crop failure because that act has been disallowed. If this government believes in giving the farmers security then it must give some additional compensation. It took that act to the supreme court and by doing so was instrumental in having it disallowed.

I contend that the payments under this act should be made on an individual basis, because making the payments on a township basis is not fair. I have had dozens and dozens of cases brought to my attention in which farmers have had complete crop failures and perhaps lived just across the road from

a township in which payments were made, but they did not receive payment because there were not enough other farmers in the immediate vicinity who were also in the unfortunate position of having crop failures.

The present act provides that payments will be made in an area of one-quarter of a township provided that it is a rectangle and provided that one side lies along a township receiving the bonus. I had a case brought to my attention this year in which there were nine sections or one-quarter of a township with less than eight bushels per acre. Eight of those sections formed a rectangle but the ninth, which was necessary to bring them under the act, made it impossible to form a rectangle and therefore the farmers were not eligible for payments. Because of that regulation those farmers who justly deserved payments were discriminated against. The only way that situation can be overcome is to provide for payments on an individual basis.

Mr. SPEAKER: I am sorry to interrupt the hon. gentleman, but a few days ago I called the attention of the house to a well known rule which forbids the reading of speeches. I realize that a member is permitted to consult his notes, but I wonder if the hon. member who now has the floor is consulting notes or reading his speech. I should like to again call the attention of all hon. members to the fact that I gave perhaps too much latitude in the debate on the address in reply to the speech from the throne and the budget debate. From now on I think it is the desire of members of the House of Commons that an hon. member should not be allowed to read his speech.

Mr. ARGUE: I agree that an hon. member should not read his speech. I have not read a speech in this house, and I am not reading a speech today. I will show you these notes, and if a speech could be made by reading them, I am sure it would be completely incoherent.

Mr. HOMUTH: They are very copious notes.

Mr. ARGUE: My hon. friend is also very copious.

I wish to make some specific recommendations. One is that the twenty-mile provision under the regulations be abolished so that any farmer, whether or not he happens to live twenty miles from the farm he operates, shall be eligible to receive the bonus; also that the twenty-year age limitation be removed. A young man eighteen years of age was conscripted, or almost conscripted, into the service of this country. Surely a young man of that age should be entitled to receive the benefit of the Prairie Farm Assistance Act.

I think that payments should be made to anyone whose primary occupation is farming, even if the individual does not live on the farm. Consideration should also be given to the zoning of the area now under the Prairie Farm Assistance Act, so that the benefits from the act may not be less over the years than the deductions that are made.

Again I say, I am glad that the resolution has been brought in for discussion by the house, and I trust that these recommendations will be carefully considered and that the new act will make provision accordingly.

Mr. CRUICKSHANK: Mr. Speaker, I want to make an apology. When I am wrong I believe in publicly admitting that I am wrong. I said the other day that Dave Lewis wrote all the speeches of the C.C.F. party. I want to apologize publicly for that statement, because obviously Dave Lewis would not write some of them.

Mr. COLDWELL: Mr. Speaker, I rise on a question of privilege. This kind of gibe I think is beneath the dignity of parliament. Let me say this, that my hon. friends are not reading their speeches, and no one has ever written a speech for me.

Mr. CRUICKSHANK: I never said that the leader of the C.C.F. ever read a speech. He does not. But let him go up in the gallery and look down on some of his followers—

Mr. COLDWELL: No. There are occasions on which I read a statement to the house which has been approved by my followers. I want to make it clear that I occasionally do that; but I think these gibes are too cheap to be used in this house.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, as the bill to be based on this resolution is to be sent to a committee, I shall be brief. This group is glad that the government has seen fit to bring in the resolution at this time. We were very much disappointed last year when owing to pressure of business the government decided not to bring it in then.

Seventy-five per cent of my constituency might be classified as a semi-permanent drought area. Therefore the people in that district are dependent upon the Prairie Farm Assistance Act and I think will continue to be dependent upon it until such time as the government sees fit to construct the irrigation projects which have been promised for a number of years but which the government seems reluctant to begin. Irrigation has been

constantly in the minds of those people since the early settlement days, and year after year the government has promised that these irrigation projects will be constructed, but so far the people have looked in vain for their commencement.

In spite of all the criticism that has been made of the Prairie Farm Assistance Act and its administration, I believe it has served the people well. To many farmers it has made all the difference between being able to carry on and having to give up. Most of the criticism I have heard has been of a constructive nature and directed chiefly against the method of determining whether or not certain land is eligible for payment of the bonus. That is the main criticism in the area I come from. The minister will agree that the method is far from satisfactory. When the act was first introduced the minister suggested that after a while it might be possible to determine eligibility on the basis of the type of soil a farmer owned, but so far that method has not been introduced, and I can see that it would not be an easy way of determining eligibility for the bonus.

The two points the farmers criticize are these. In a township that is not eligible it is possible to take out a minimum of nine sections of land, provided they are contiguous to a township that is eligible, and provided further that the sections are in a rectangular block. There may be sections right alongside the block with yields of less than four bushels to the acre, yet because they are not within the rectangular block they are not eligible for the bonus. This year I ran into a peculiar case—it may not happen very often—which showed how unsatisfactory this method of determining eligibility of the land is. I had a township referred to me that was declared eligible. Then the inspector found within the township six sections which had a high yield. The act does not provide for taking six sections out of a township. It provides for taking out only nine. So they included three sections which had had a total crop failure along with the six, and then took those nine out. Naturally the farmers on the three sections which had suffered a crop failure within a township that had been declared eligible felt bitter when denied the bonus by reason of being included in a block of nine sections, only six of which had a high yield. That may not happen very often, but it should not be necessary for the inspector to include three sections which had a total crop failure along with six others which had a good crop.

We in this group welcome the changes proposed by the minister, and I hope that when the bill is before the committee he will allow a full discussion of other points which we think should be dealt with.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. BRACKEN: Mr. Chairman, as I said a moment ago, we have no thought whatever at this stage of continuing the discussion. The resolution makes clear the government's position with respect to the amendments it proposes. So far as we are concerned the general position of our party was put before the house by the hon. member for Lake Centre on April 28, in his remarks as reported in *Hansard* beginning at page 2473. In view of the clear position of the government as expressed in the amendments proposed and in view also of the objections which have been raised from various parts of the house, we have no thought of delaying this measure now. We will offer any constructive suggestions we have before the committee on agriculture, and if the bill as reported from the committee is not satisfactory to us we shall continue the discussion on second reading of the bill.

Mr. GILLIS: I want to finish the question I started to ask the Minister of Agriculture when the Speaker was in the chair. The provisions of the Prairie Farm Assistance Act, as well as the Prairie Farm Rehabilitation Act, are applicable to the prairies only. Representations have been made from many sections of Canada to have the provisions of this legislation become national. Is it the intention of the minister at least to give consideration to expanding the legislation so that all farmers of Canada may receive the protection which the prairie farmers are receiving under this legislation?

Mr. GARDINER: It would have to be entirely different legislation from this if the government of Canada were to attempt to provide a form of so-called insurance to farmers generally across Canada. This legislation is based entirely on drought and on nothing else. I am sure the people who live in Ontario know that they do not need drought insurance here, particularly this year. This legislation is based entirely on giving assistance where there is drought and if we were to have legislation brought in to provide assistance—the federal parliament have not authority to provide insurance—similar to that provided by the legislation we are discussing, it would have to be an entirely different act from this one. We could not enlarge this act to cover Canada.

Mr. ROSS (Souris): First of all may I say that I am wholeheartedly in agreement with what my leader has already said on this measure. I think we might, where measures such as this are to go to a committee, speed up the business of the house if we save a lot of the discussion on the resolution stage, because we rehash the same arguments in committee. Then we come back and discuss the committee's report. Surely we should be able to speed up the business greatly if we carry on our discussion in committee.

This act was brought in in 1939 and amended in 1940 and 1941. As a result of experience it is now universally admitted that more amendments are required to the act. The question just raised by the hon. member for Cape Breton South in regard to the extension of the Prairie Farm Rehabilitation Act is a case in point. The Prairie Farm Rehabilitation Act and the measure we are now discussing often do conflict. Like the hon. member for Wood Mountain, I represent a riding which is considered pretty much in the Palliser triangle. I know a great deal of past administration. I do say that in its operation this measure has contributed a great deal to the farmers, but it needs amendments. When these amendments come forward I imagine they will receive the proper consideration by the agriculture committee. What I want to ask the minister is this: Shall we receive the bill and then after second reading will it be referred to the committee on agriculture? Is that the procedure.

Mr. GARDINER: My understanding is that when the resolution passes we have authority to introduce the bill, which will be ready for distribution tomorrow. I thought it was ready today, but I found it was not. It will be distributed tomorrow provided it has had its first reading. On second reading I presume we shall send it to the committee. It has been done both ways. At times it has been given second reading and then sent to the committee. At other times it has been sent to the committee and has come back for second reading. The bill will go to committee in any event.

Mr. WRIGHT: I wish to say a few words in view of what the hon. member for Souris has just said in regard to remarks from various members upon the resolution stage of this bill.

Mr. ROSS (Souris): Or any other bill.

Mr. WRIGHT: Or any other bill, as he says. The only chance that a member of the opposition has of putting his ideas before the government so that they can be incorporated in a bill is on the resolution stage.

Mr. GARDINER: No, second reading.

Mr. WRIGHT: We cannot move any amendments on second reading because they will mean an expenditure of money, and therefore, they can be moved only by a member of the government. What we are trying to do is to place before the minister the amendments which we believe should be made to the act, and we have to do this at a time when they can be made, before the bill is introduced. Of course if the principle is accepted that the government does not intend to adopt any of the suggestions of the opposition, then there is no use of our making them, but I do not think that is so. The Minister of Agriculture is a reasonable man. He knows the conditions under which the Prairie Farm Assistance Act operates. In the first place he recognizes some of its shortcomings or its failure to meet certain conditions. We are trying to assist him in seeing that the act is made a real measure of security to the western farmers.

Mr. ZAPLITNY: I agree entirely with what the hon. member for Melfort has just said. If we are to make any proposals we have to make them before the bill is finally drawn up. I wish to say a word or two on how this act affects Manitoba. The minister will remember that last year, I think it was, there was some discussion in the house about the way in which the act operates in connection with agriculture generally in Manitoba. I believe one hon. member suggested that there was a movement afoot in the province to withdraw entirely because the benefits paid out to the farmers under this act do not come anywhere near the amounts that they paid in.

I might quote from a return I have received as of May 9, 1946. This return gives the payments made into the fund to the end of February, 1946, and the payments out of the fund to the end of March, 1946. The return shows that from 1939 to 1946 the farmers of Manitoba paid into the fund a total of $3,472,984. During practically the same period, within one month, they received from the fund only $1,731,284, which is practically half of what they paid in. At the moment I am not complaining that they did not receive the full amount they paid in, because that is not the objective of the act. As I understand it, the objective is to provide some form of emergency insurance so that in the years of exceedingly bad crops farmers may have something to fall back on. It is quite natural that in some years they will pay in more than they will receive. However, in Manitoba the

farmers have consistently year after year paid in much more than they have received out of the fund.

I do not advocate and I have not advocated withdrawal of the farmers of Manitoba from this act, because I believe it is at least a form of protection which, although of a temporary nature, has its value. I do believe that whatever agitation there may be in the province for withdrawal from the act would be avoided if some amendment were made to make it more applicable to the type of farming and the climatic conditions of Manitoba. As the minister well knows, there are parts of Manitoba where we have never had anything approaching a real drought, but we have often suffered losses from hail and flood. In fact there are parts of Manitoba where over a period of years flood has done much more damage to the crops than either hail or drought.

As the act now stands it is applicable to drought conditions but in the case of hail or flood damage it does not apply properly. As a matter of fact I do not think it applies at all to flood damage. In hail damage it is hard to make it apply because of the way in which hail damages crops. It may completely destroy one-third of a township but the other two-thirds may have a bumper crop, and that makes the one-third damage negligible under the legislation. I would therefore suggest that an amendment be made to the act so that in Manitoba it would apply to flood damage, and that the unit or the basis on which payments are to be made be on a smaller scale so that farmers individually can benefit under the act in hail damage. I do not know what the smallest unit can be in order to make it administratively possible, but I am sure that the township unit could be reduced or some arrangement made so that, in the case of hail or flood damage, payments would be made regardless of whether or not the whole township fell below a certain crop yield limit. These are the two suggestions I wanted to present in the hope that the minister will take them into consideration and incorporate them in his amendments to the act.

Resolution reported, read the second time and concurred in. Mr. Gardiner thereupon moved for leave to introduce Bill No. 261, to amend the Prairie Farm Assistance Act, 1939.

Motion agreed to and bill read the first time.

Mr. HOMUTH: Mr. Speaker, is the bill to be referred to the committee now?

Mr. GARDINER: No, at the next sitting of the house.

[Mr. Zaplitny.]

Mr. HOMUTH: It will be referred to the committee at the next sitting?

Mr. GARDINER: Second reading will be at the next sitting.

Mr. HOMUTH: Will it be referred on the second reading or before?

Mr. GARDINER: It will be a question whether we submit it before second reading is given or after but it will be submitted while the second reading discussion is on.

PENITENTIARY ACT

PROVISION FOR APPOINTMENT OF COMMISSIONER

The house resumed from Monday, June 2, consideration of the motion of Mr. Ilsley for the second reading of Bill No. 177 to amend the Penitentiary Act, 1939.

Mr. J. R. MacNICOL (Davenport): Approximately eight years have elapsed since the former minister of justice told the house of the deplorable conditions associated with penitentiary administration. How much has been done since the house, at his request, passed a bill for the appointment of three commissioners, I do not know; apparently very little. We have been told that the reason for that is that there is a certain amount of dual responsibility as between the provinces and the federal government in the matter of prison care and reform, and all matters pertaining to criminology. But I cannot see why the federal government itself, in the interim of the past eight years, could not have set apart one of its own penal institutions for the adoption of what the minister of that day strongly recommended, namely, the Borstal system of reform. The Borstal system, of course, is nothing more or less than the reclamation of prisoners, and that is an important feature.

I have made an exhaustive study into the operation of the Borstal system, but I am not going to talk about that today; I have done so before. I have visited in the old country many prisons in which this system is in operation.

I spent eight or ten hours in one of the Borstal institutions, thoroughly surveying everything pertaining to their programme. While there I made it my business to inquire from the various prisoners, with the permission of the guards who were taking me around, why it was they were there. Many of them were fine looking, and it was amazing to me to see such well set-up young men incarcerated in a penal institution. On my return home I made a survey following up

what I had learned from the few prisoners with whom I discussed the matter. Anyone representing in a large city a riding such as mine, containing approximately 60,000 to 70,000 people, has had the experience which has been mine, over the past eighteen years, of being interviewed by fathers and mothers, husbands and wives, sisters and brothers in reference to their dear ones who had in some way fallen afoul of the law and been sent to prison. After I came home from my last investigations into the Borstal operations in the old country I started to make inquiries of everyone who called to see me about getting this one or that one released or the term of imprisonment shortened. In many cases I went to the prison itself where the person the people had called to see me about was incarcerated, and I asked him—they were mostly males; in fact I do not remember having talked to any females—how he had fallen from grace, and I began writing down the reasons which were given. One of the main causes was that the prisoners came from homes which were broken up, for one of the many reasons why such things happen, and therefore they did not have a proper home training. I pursued that study, because I felt that while the Borstal system is essentially a reclamation system, it would be much better if we could get behind that and get back to the time before the young man was sent to prison and required reclamation through the Borstal system.

Mr. GRAYDON: An ounce of prevention is worth a pound of cure.

Mr. MacNICOL: Having in mind a programme of prevention, I studied each individual case with which I came in contact; and it was not an easy matter. It took a long time to do it, but I have been at this a long time, Your Honour. Prison reform and reclamation of prisoners have been studies of mine for many years. I have always been interested in the solving of human troubles.

As I said a moment ago, the broken home was number one reason given for young men being sent to prison. Therefore whatever programme the new commissioner puts into operation, as a beginning I hope he will study the question of how to get back beyond the reclamation period to the school days.

This brings me to my second thought. In addition to the lack of a desirable home environment in which a boy or a girl would receive the good advice and instruction of happy and contented parents, I found that there was lack of education. I was amazed to find that so many of our young offenders have so little education. I took that matter up with one of the Ontario reformatory boards, and was astonished at the account they gave of the lack of education and mental deficiency. Speaking of mental deficiency, which goes along with lack of education, I had a conversation with the head of the mental hygiene council, as I believe it is called, to which this house every year—and rightly so in my judgment—votes a matter of $10,000. The head of that council is Doctor Hincks, who is perhaps one of the best versed men in America in mental hygiene. I learned from him that in his judgment from thirty to forty per cent of the young folks going to school today are to a certain extent mentally deficient. That condition can be cured or arrested if the proper facilities are provided. The deficiency in mentality of youth, which results in their being sent to prison, is a problem which should be studied by the new commissioner. How it is to be overcome I do not know. We might spend ten or perhaps twenty million dollars in building new penal institutions for reform, but if it is not too late we might do better to spend $20,000,000 in looking after our youth before it became necessary to be concerned about their reclamation. One way of doing that would be to assist such institutions as the mental hygiene board and that celebrated authority on mental hygiene, Doctor Hincks. In this way we might do something to lessen crime on the part of our youth.

In the Ontario reform reports I find the statement made that 10·03 per cent of those incarcerated in penal institutions are mentally deficient. That is a tremendous toll. Not only are they unable to return any benefit to their country, being mentally deficient; they are a cost to the country when it becomes necessary to send them to a reform institution, following the commission of some crime. That is another side of the prevention programme. It was stated also that 14·9 per cent were right on the border. I have observed that myself in my own humble investigations. I have often said to myself, "Well, it is a wonder this one did not commit murder or some grievous crime," instead of some misdemeanour that was not so serious. That makes a total percentage of 24·12 either mentally deficient or right on the border. There is something wrong with our institutions if these figures are correct, as I have no doubt they are. It would seem that we are far behind the programme of the Borstal reclamation system. Further it is stated that 32·79 per cent were dull, and we have all seen that. I have made it my business to speak to many young men in prison, in the common gaols and from there right up to the penitentiaries. I have visited their homes and talked to their

parents, who in too many cases also are dull. Of course often a dull child comes from dull parents, though that is not always the case since many of the very finest parents have dull children. But if they are dull they should have some chance to attain efficiency and understanding, so they will not commit crimes. That makes a total of those dull, on the border and below the border of 56·91 per cent. That is simply incredible, and I can only say that a proper system of training probably would save many of them from going to gaol. I believe that if mental hygiene were properly carried out and extended, many of the youth of the land could be kept from committing crimes.

I find further that of the people who are normal, 62·8 per cent did not receive any further education than the sixth grade. I found that too in the prisons in England, in talking to the young men there. Their education was woefully deficient. That is a pretty serious situation. How it is going to be overcome I do not know, but as the former minister said, it is a staggering problem and costs the country a staggering sum. But the cost is far greater when such people make no return. If they can be saved before they commit a crime that will send them to gaol, whatever the cost to the country it will be money well spent.

Then take a look at our book stands, and see the literature for sale there. Much of what you see is very light literature; but in addition to what is on the book stands there are many other places where youth can get literature that is not fit for anyone to read. If this is not a federal matter I wonder if the provinces should not take note of the fact that much of the literature offered for sale today certainly is not fit for our youth to read. When we were young we had many excellent books to read. Those books are still available today, and if their cost could be reduced by printing thousands of them so that every youth in the land could read them, it might have a very wholesome effect. I do not think any child could read the like of "David Copperfield" or "Barnaby Rudge" or "Edwin Drood", or other works of Dickens and other equally well known authors, without a beneficial effect. Many of these books, however, are rather high priced, so our young people buy a cheaper book or a magazine which adds nothing at all to their intelligence. I feel that we may be derelict in our duty to this country in not seeing to it that our young people have proper literature to read, for I believe this would reduce the number who later might be sent to our gaols and penitentiaries.

There is another example connected with my own youth about which I was not going to say anything, but I have decided to mention it after all. That is the lack of family worship, which is nothing short of monstrous. In my home the bible was read every morning; one or other of my parents would lead in prayer, and naturally this had a wholesome effect on each member of the family. We respected them the more because of their desire to see that we walked the right way of life. Today, however, that is lacking to an extent that is nothing short of shocking. What can we expect but an increase in crime when too many of the youth of today have little direction along the right path?

Then where can our children play today? Where are the playgrounds in our cities? If a child of my neighbourhood wants to play in a park he has to go at least half a mile; and that is in the city of Toronto. It is all right if the children live next door to the park or in the next street but in my neighbourhood it is a long way to a park. Yet children must play. If they play in the streets they hear many things they should not hear. Of course many of them go to the supervised school playgrounds, but the children do not like to play on gravel or on hard cement, so those playgrounds are not very popular and the children play anywhere they can. In England, even though their population is very much congested and they have not anything like the land we have here, on a holiday you will find all the roads leading from London and the other cities filled with people either in motor cars or on bicycles going to what they call the commons. There are commons everywhere; that is one thing I like very much about the old country, and those commons are full of people. I suppose the name "commons" has come down through the centuries, but these open spaces are full of people enjoying themselves.

I often say to myself: If the fathers and mothers of Toronto want to go out on a Saturday or a Sunday afternoon, where can they go? If they come to a shady little spot with a creek running through, and some sand, they find a fence around it with a sign, "Trespassers prohibited." I would like to see throughout Ontario and in all the other provinces for that matter, hundreds of the areas like the "commons" they have in England. They would call them commons; here they might be called something different, but the purpose and use would be just the same.

They would be recreation areas to which fathers and mothers could drive on a Saturday or a Sunday. They could enjoy being out in the fresh air with the children. There is nothing like God's great outdoors to make people think rightly.

I have travelled far and wide in remote areas. I have gone over mountains and rivers. I love to travel there because I see God and His handiwork everywhere. And so would the children see it, too. But they have to get out of the cities to see it.

In a constituency the size of mine there are many boys and girls who get into trouble. Many parents, sisters and brothers come to see me about those who have gone astray. I always try to find out the reason for their having made these mistakes.

I hope the new commissioner and those associated with him will take these things into account. At the moment their job may be one of reformation. But can we not start earlier than that, and set up a system of prevention? There are ways of preventing crime. Better to spend $10 million on prevention, on places for children to play, on parks; better to spend $10 million on slum clearance, where people are living under such congested conditions that their children have no place to play. Far better to spend those millions of dollars for prevention than to have to spend an equal amount—as we will have to do—on the building of prisons, to put boys and girls where they cannot do any good for their country or for themselves.

I often wonder what would happen in this country if it were not for that mere handful of men and women, that small number of devoted men and women throughout the country, some of whom are to be found waiting at the prison gates for the prisoners as they come out. And when I say this I think of the Salvation Army and those associated with other religious organizations who assist those who are being turned out of the prisons. I often wonder what this country would be like if that handful of men and women did not give some attention to those who leave our prisons.

I had a case brought to my attention recently which caused me considerable concern. It was in connection with a fine man with a wife and family. He had been a bookkeeper, and for some reason—the reason is neither here nor there—he took some of his employer's money. He had been in that man's employ for twenty-one years, and that was his first lapse. It should not have occurred, of course; but some impelling motive forced him to take that money, with the result that he was sent to the reformatory at Guelph for some length of time. Had he been sent to the penitentiary it would have been even worse.

I have often thought we should have some fund or some system through which those who have been guilty of some misdemeanour, probably committed out of desperation, could be helped instead of being sent to some institution. I am not in favour of criminals being at large, of course; and I believe in the principle that corrective punishment should be meted out where it is due. But I have in mind some method of prevention whereby, so that instead of a man being sent to a place where he can do nothing to help his wife and children he would be prevented from getting into trouble in the first instance. Perhaps that aspect of the matter has not been studied to any great extent by crime preventionists, but it is worthy of diligent study, and something might come of it.

I know of a fine young man who did something foolish. Certainly he should not have done it; he should have stood his ground rather than run away. Upon being captured, as he rightfully was, he was sent to prison. After serving eighteen months he was released. This young man had not committed what could be classified as a crime; he was not that type of man. Upon his release from prison, with the knowledge that up and down the years I had obtained jobs for many young men in like circumstances, he came to see me. On many occasions young men who have come from prison have asked for my assistance, and I have always been delighted to try to get them jobs. I would stake my own reputation on their behalf, and if necessary I would give a guarantee that I would be responsible for their good conduct. I spoke about this young man to some people I knew well, referring to the time he had served in prison. I have forgotten how long it was—perhaps twelve or eighteen months—but I could not get him a job. Finally I went to a manager and told him it was just as much his responsibility as mine to give this boy a chance to start life again. If I could not have got him a job soon after his release from prison, what could he be expected to do? He had not committed any great crime in the first instance, but there was no telling what he might do if everyone turned him down.

There is another point to which the Minister of Justice might give some thought, and which would give help to those coming out of prisons. It has been shown in England that from 60 to 70 per cent of first offenders who obtain positions upon their release from prison, and

who thus have some money coming in to take care of their personal necessities, do not engage in crime again. It must be understood however that first of all they must get a job. I know many men and women in Toronto who are engaged in trying to secure jobs for those who come out of the prisons. I have done a considerable amount of that work myself.

I always tell young men who are released from prison not to pass by a policeman as if he were going to give chase or make an arrest. I urge them to stop and talk to the police, and to tell them their problems. The police in Toronto are anxious to prevent crime, and I have no doubt that the same would apply to other cities. Our former chief of police in Toronto, Chief Draper, spent years doing that kind of work, and he did a fine job in assisting those who were released from prison. Surely this would be another means of prevention of crime.

I hope that whoever is in charge of the programme of reclamation will give some thought to suggestions of this kind. The only reclamation system in operation today is the Borstal system. It is doing a mighty fine job, but it does not apply to hardened criminals. First offenders should not be put in with hardened criminals. The penitentiaries branch might well set apart one of the penitentiaries where first offenders serving sentences up to five years, we will say, could be incarcerated, so that they would not come in contact with the hardened criminals who cannot be reformed.

I do not know what should be done for these later. Perhaps I am too soft-hearted to wish severe punishment to be inflicted upon anyone. An ounce of prevention is worth a pound of cure. I am firmly convinced that the Borstal system can do a big job in reformation of prisoners, but I want to get behind the necessity for reclamation. I want to get to the youth of this country. I do not know how it is going to be done, but I certainly would like to participate in it myself.

The Ontario government is doing a good job at the present time. The provincial secretary, under whose jurisdiction these matters come, was sent to England. As far as I could see from the press reports he pretty well followed the trip I made. He visited Leeds prison, the prison at Glasgow, the original Borstal prison and different prisons in the London area. I felt complimented when I saw that. I do not say that he followed my itinerary, but it looked like it. He came back convinced that as far as first offenders go the Borstal system can do a grand work. I know it can, because I have seen it in operation.

[Mr. MacNicol.]

I notice the Ontario government has purchased 600 acres in the vicinity of Ottawa which I presume will be used as a boys' farm, a first offenders' farm or something like what they have outside of Glasgow. It should do a good work. The Ontario government have schools at Galt and Bowmanville and other places to which first offenders are sent. I say again that the federal government cannot enter any field in which the province now is but can make their own application of the Borstal system to first offenders sentenced to two years imprisonment and over. I was glad to read a few days ago that the Quebec government is also starting to promote reclamation, perhaps along the same lines as they are doing in Ontario, with schools and farms. I wish them every success, as I wish Ontario every success.

I am sincere in what I have said, and I am intensely earnest in the belief that there should be some means of prevention to reduce the number of those who are sent to prison. If that does not prevent crime, there should be some such system as the Borstal system which has proven so satisfactory and which has been adopted almost universally throughout the world for the reclamation of first offenders.

Mr. ILSLEY: Before the hon. member sits down I should like to correct him. He has made the statement two or three times that the Borstal system applies to first offenders. It does not. On page 201 of the report it is stated:

> It should be emphasized that no first offenders are as a rule sent to Borstal institutions. They are not for novices in crime but for those young offenders who have failed to respond to other courses of treatment.

Mr. MacNICOL: How old is that report?

Mr. ILSLEY: 1937.

Mr. MacNICOL: I think you will find they have advanced since then because I was informed by the officials in charge of the prison at Glasgow that many of those there were first offenders. I am only taking the information given to me by those associated with the reclamation work. I do not see why it should not apply to first offenders sentenced to two years and over, as well as to first offenders sentenced to eighteen months.

Mr. ILSLEY: Just to get this right, I quote again from the report:

> Youths between 16 and 23 years of age, when brought before the court, are divided roughly into three classes: those who are not bad enough for Borstal, i.e., who can be dealt with by probation or other non-institutional treatment, those who are too bad for Borstal, and the balance, mostly proved recidivist offenders, who are selected for Borstal treatment. It

should be emphasized that no first offenders are as a rule sent to Borstal institutions. They are not for novices in crime but for those young offenders who have failed to respond to other courses of treatment.

Mr. MacNICOL: When I visited the Borstal institution in England they gave me pamphlets dealing with the reclamation of those who were brought to their prisons. In those pamphlets it was pointed out very clearly that this one or that one was a first or a second offender. They stated that the number of third offenders had been reduced. In any event, those who are sentenced to the penitentiary for two, three or more years might be reclaimed if kept apart from hardened criminals and given the benefits of the Borstal system. What is there about the Borstal system that they should not have? There is nothing that I know of. I watched it at work in the various prisons; I discussed the matter with their teachers, and I cannot see anything but benefit that would derive from the application of this system. Most persons who commit a crime are reformable, leaving out of consideration the hardened criminal, through the application of the Borstal system.

Mr. L. PHILIPPE PICARD (Bellechasse): Mr. Speaker, the bill at present under study deals only with the change in the set-up of the penitentiary commission as provided in the Penitentiary Act, 1939. It is intended to change the number of commissioners from three to one and to provide for the appointment of two deputy commissioners. The sections of the 1939 act concerning the appointment of assistant commissioners are not changed, as well as other sections of the act. A single authority of one commissioner is to replace that of a board of three commissioners, but two deputies are to act directly under him. That appears simple enough and it might call only for an expression of opinion as to the merits of a one-man show or a three-man board. The debate which has followed the introduction of this legislation has covered the whole question of penitentiary administration and penal reform. I think that is most commendable because, with the introduction of the present bill, is brought forward again the whole problem of our penal system in Canada. I do not think too much can be said about the urgency of bringing it in line with improvements in penology throughout the world. Hon. members who have spoken from all sides of the house have shown a public spirit and a keen sense of appreciation of the gravity and urgency of the situation.

It may be distasteful to hear anyone speak of his previous experiences and make personal references during the course of the debate, but I find myself in the awkward predicament of having to do this in order to justify myself and to substantiate certain opinions which I may express. During the last six years I have received numerous letters from people who have devoted much of their lives to this question. They have expressed their disappointment at my silence over the years. I must confess that there are letters which I have not dared to answer because I would have had to admit the opportunism which had prompted me to stay silent.

The people who wrote to me, and others, knew of my long association with the Department of Justice and my great interest in such questions as the handling of prisoners, the reform of criminals and the general administration of our penitentiaries as well as the necessity of reorganizing our whole penal system. Many of these people were in contact with me at the time when my efforts were directed toward the entire remodeling of our penal set-up. Therefore I feel it my duty to acquaint the house with some aspects of the problem as I know and understand them.

I do not want to pose as an expert in such matters but, as the solution of this problem should be the concern of all of us, I think we must all contribute within our limitations our share to its solution. The present bill providing for a reorganization of the administrative set-up of Canadian penitentiaries is intimately connected with the vast problem of how can we best organize and administer our penal system; how can we best deal with those who have violated our criminal laws; how can we act to curb recidivism and orientate our penal system so as to reform criminal offenders and liberate the country from the burden of mounting costs of handling those whose first incarceration has failed to reform them, if it has not launched them in a career of crime?

As I proceed with my remarks I trust the minister will be able to dissociate himself from a common ministerial habit of considering as personal criticism any remarks made about a branch of his department or about the civil servants or officials who are responsible therefor. During my long association with ministerial activities and observing the house under other governments, I have found that this is an attitude which is unfortunately too often taken by some members of cabinets. It is an attitude that is not conducive to good government, which demands free and open discussion of any and all angles of the administration's policy, not only from the opposition parties, not only from different

groups who try to find something wrong with the government, but from government supporters. Yet the latter, faced with such an attitude, are often prone to hesitate to utter remarks which, while critical, would be in the interests of better administration. It is a well known fact to most of us that many departmental officials rely on the popularity and respect enjoyed by their minister to save them from any severe scrutiny of their acts. That does not apply particularly to one department but to most of them. The speed with which a minister's estimates or bill is passed is considered a great feat by his officials and as more or less of a criterion of the popularity of the minister. But I am convinced that the Minister of Justice has not that unhealthy attitude and that it will never be a part of his mentality.

Before I go on with my remarks, I should like to congratulate the minister upon having at last brought this measure before us, which means the reorganization of the penitentiaries branch. This is only a first step and it took a long time to come, but at last we are getting moving and, I think, in the right direction.

If I may be permitted I should like to read from a lecture which I myself gave some time ago. If I did not explain that I might be reproached for reading my speech.

In 1910 Mr. Churchill, who was then Home Secretary in Great Britain, laid down the proposition, which received the approval of all those qualified to speak on the question, that the degree of civilization to which a nation had attained could be measured by the way in which it treated its lawbreakers. By that test Canada does not stand as high as it should. For a full understanding of Canada's situation respecting prison administration I might be permitted to review a few historical facts.

Shortly after the Act of Union in 1842, a prison board was created to inspect and administer all gaols, prisons, and hospitals in the united provinces, including the penitentiary at Kingston. This board found an almost unbelievable situation, even for that day and age. I am making that reference to 1842 and afterwards shall compare conditions then with conditions in 1947. Even if I might be thought to be going too far back in history, it is relevant to the problem, because some of the problems brought before that prison board have not yet been solved after 105 years, and are still receiving our attention. As I said, this board found an almost unbelievable situation, even for that day and age, to exist in the local gaols and prisons of the provinces, and a great unwillingness on the part of local authorities to invest any money in improving conditions. After a bitter struggle and the exercise of considerable patience, however, the board finally achieved its purpose. It then turned to the improvement of the penitentiary at Kingston. In the performance of these two tasks, it became obvious that the great problem was the reclamation of young offenders, for whom no fitting quarters were then available. The board turned, therefore, to the establishment of reformatories, which in those days were places devoted to reformation and not, as now, merely places of incarceration.

I say that, because some of our institutions have been called reformatories when to all intents and purposes they were just still gaols or penitentiaries as all the others were.

In Lower Canada, a reformatory was established at Ile aux Noix, which was later moved to St. Vincent de Paul. In Upper Canada, a reformatory was established at Penetanguishene. A hospital for mental cases was also constructed at Kingston, Rockwood hospital, which is still in existence. The period was one of awakening social consciousness in all countries and by 1867 the board had made the Canadian penal system one of the best in the world, at least as compared with Great Britain and the United States.

The British North America Act brought an end to many of the hopes of the penologists of that time. The architects of that act were engaged in the attempted solution of much greater problems and, in seeking this solution, lost sight of the effect on penal administration of the division of powers made between the federal government and the provinces. Jurisdiction over gaols, reformatories, and hospitals was given to the provinces, while the federal government was given jurisdiction over the penitentiaries only. An arbitrary distinction came to divide these institutions. Any sentence under two years involved imprisonment in a provincial or local institution, and any sentence of two years or over involved imprisonment in a penitentiary. This arbitrary division of jurisdiction destroyed the uniformity of treatment applied to lawbreakers.

The royal commission which reported in 1938 realized the fatal defects of the division of jurisdiction brought about by the British North America Act and recommended that all penal institutions be replaced under one authority, the new penitentiary commission. This is, of course, a matter for constitutional amendment based on agreement between the provincial and federal governments. Whether or not it can be realized remains to be seen. Reading the report of the new commissioner, General Gibson, one realizes that his conversations have not been such as to give him

much hope that most of the provinces will agree, except perhaps the maritime provinces. Yet this is something we should be working upon to try to attain and it may be attained in the years to come, even if it is not of immediate concern to us in the matter of the reorganization provided for in the bill.

Sir John Thompson was Minister of Justice from September, 1885, to December, 1894. Almost alone among ministers of justice until the advent of the Right Hon. Ernest Lapointe, he was interested in penal reform. I am making this reference to a man whom I have served and with whom I have been in the Department of Justice. Prior to Mr. Lapointe, Sir John Thompson was the Minister of Justice who gave the most personal interest to this question. Sir John Thompson was aware that Canadian penitentiaries were not properly equipped to deal with the reformation of young offenders and he conceived the establishment of a reformatory institution for this purpose. To this end he purchased a site near Cornwall, Ontario, had blueprints drawn and approved, and arranged for the purchase and manufacture of building supplies and equipment. Before the completion of the project, another minister of justice supplanted him, through what historical fact I do not know. The new minister referred the matter to the deputy minister of justice of that day and asked for a report on the inception and progress of the new institution. It has been my experience that reports of commissions are prone to die or lie a long time on the desk of a deputy minister or some other official. That is what happened in this case. I think the deputy minister reported to the new minister that this was a whim of his predecessor, and the whole project was scrapped. This was the last attempt to have special reformatories under the federal government up until the time when the Right Hon. Mr. Lapointe in 1926 announced his intention of doing something. He said in the House of Commons on May 31, 1926:

> There is another thing which is not made the subject of the resolution, but to which I am giving a good deal of thought, and that is the possibility of segregating the young convicts who are sentenced for the first time. If we could find a way to build a special institution, or even two institutions for the purpose of receiving and keeping these young men rather than put then with hardened criminals, I think that would be a good reform to undertake.

Three years later funds had been granted by parliament for the construction of two institutions, one of which was Collins Bay and the other Laval building near Montreal. I might say that work started to proceed on both these institutions, but after the short Liberal eclipse of 1930 to 1935 when the late minister, Mr. Lapointe, came back to the house, little had been done. Twenty years after the project was started, Laval is not completed. Collins Bay was completed but has served not directly for the purpose it was intended. I will discuss later, on an item in this year's report of the superintendent, the claim that Collins Bay has been made a reformatory or that it has reclaimed people or made it so that they would not be sentenced again; in fact that they will be reformed better than under the Borstal institution. We shall have these figures in a short while. Today, 105 years after the first penitentiary board reported on the unsatisfactory conditions of penitentaries for the treatment of young criminals we are exactly or, let us say, 99·9 per cent where we were 105 years ago. We are still discussing the opportunity of segregating reformable persons. We are told that we shall have real reformatories. That is why I am so glad to see that this measure is brought before the house now. I repeat, this is the first good move made in a long while.

If anyone thinks, after a survey or a close study of our penal institution systems, that they have been operated according to the discoveries of experienced penologists throughout the world and in comparison with those of the United States and especially Britain, I cannot see how he can arrive at this conclusion. The two major trends concerning the administration of penitentiaries are based on different theories of penology. The first that prevailed up to the last part of the nineteenth century was purely the punitive aspect of incarceration. The second that has gained more supporters throughout the world since 1875, and especially since the beginning of the century is that the punitive is only one aspect, but the reformative is the essential one if one wants to avoid the curse of recidivism. As the Archambault report states at page 9:

> Entirely apart from humanitarian grounds, and from a purely economic point of view, and for the eventual benefit of society, the task of the prison should be, not merely the temporary protection of society through the incarceration of captured offenders, but the transformation of reformable criminals into law-abiding citizens, and the prevention of those who are accidental or occasional criminals from becoming habitual offenders.

Although in Great Britain, as well as in certain parts of the United States, much has been done toward the efficient reformation of the inmates, it is sadly to be admitted that to many of those who have visited and inspected the Canadian penal system, in Canada little has been done in that regard. That

is said, despite the statement which I mentioned a moment ago, and which I shall look into, about the claims that Collins Bay has reformed the people who were sent there.

In last year's report of the superintendent, figures are given which were ably analysed by the hon. member for Spadina (Mr. Croll), which still stand, and are ample evidence that we have not yet advanced far in the right direction. I shall avoid going into any details of the royal commission's report, but I commend the reading of it to all those interested in the problem. After reading it, few I am sure would not come to the conclusion that it is a splendid piece of work.

In my opinion there are three main sources of inefficiency in our penal administration. The first is the wrong or the punitive attitude of the penitentiary officials and of the departmental authorities, up to a very recent time which could be counted in months; second, the incompetence and lack of vision of most of the men connected with the administration; and, third, the wrong attitude of all authorities as well as of succeeding governments throughout the years for the building programmes of the penal institutions, and also toward the implementing of recommendations which have been made by different commissions from time to time. This may appear to be simplifying the problem too much; but I think all that goes wrong in the system can be traced back to one of these three causes. Had we the proper reformative attitude, coupled with the necessary punitive methods, many of the wrongs outlined in the report would soon be corrected, provided that the second cause was also corrected and that the incompetent officials were removed or that some of the departmental attorneys assigned to penitentiary matters were removed or reassigned to other duties. There would remain then the necessity for the government to understand that to erect a building by convict labour on antiquated plans cannot be coupled with an efficient tackling of the penal problem, and I shall deal with this in the final recommendations I shall make at the end of my remarks.

For a number of years prior to 1932 the penitentiaries were administered by General Hughes. I was in the department while he was there, and I think I can say that I seldom agreed with the recommendations he made, many of which I did not find in the proper and right reformative spirit. Nevertheless I would pay this compliment to him. He was the only one who had a system and a method and operated it. He was succeeded afterwards by General Ormond, a most promising, hard working and sincere man, but not cut out for this type of work. Despite his effort, during his administration the mistakes of the past brought about serious conditions of unrest, and we know all the sad happenings, the riots, fires and so on. We owe, in fact, a great deal to a former member, Miss MacPhail, who, assisted by the hon. member for Vancouver East (Mr. MacInnis), the hon. member for Davenport (Mr. MacNicol) who spoke today, the former Minister of Justice, Mr. Lapointe, and a few others, aroused public opinion to such a point between 1930 and 1935 that there came about a general feeling that an investigation of our penal system was necessary.

I well remember in 1935 the late Norman Rogers, who was then a Liberal candidate in Kingston, telephoning me in Quebec to meet him in Kingston to discuss certain aspects of the problem. The moment he arrived there he had been faced with the question as a large number of his constituents in Kingston were interested directly in the penitentiary because they were employed there, or indirectly because some of them had relatives working there.

I had been in the department from 1925 to 1930, but at the time I was out of the service. Mr. Rogers subsequently pledged himself to look carefully into the problem and seek information from people who had been connected with the service. A few days after our meeting Mr. Rogers pledged himself to insist on a full investigation. It was the present Prime Minister (Mr. Mackenzie King) who, in 1935, promised the people of Canada that if his party were elected a free and impartial investigation of our penal system would follow.

The history of the penitentiary system of Canada has been one of recurring cycles. Neglect is followed by disturbances. Disturbances give rise to investigations, which are made and reported. The public believes, quite naturally, but erroneously, that once the causative evils are exposed they will be rectified. The officials of the Department of Justice, however, take it merely that they have weathered another storm and continue in the same old way until another cycle is started. We had investigations in 1876, 1913, 1920, 1937 and 1938. It is now time to stop going around in these vicious circles, and this can be done if the present commission or the present new set-up understands the situation fully and sets to work immediately in the right direction. There is no reason why the penal system of Canada should not be the best in the world. We have the example, which has been given to us by the British, of a system

which has been called a character reformer, and we have the example of what has been done in the United States. We could couple both with a better understanding of our problem and by drawing from the experience of these people, we could have one of the most efficient services in the world.

To revert to the history of our system, within six months after the present government came back to power in 1935 a commission of three men was appointed, consisting of Judge Archambault, who had been a criminal lawyer in Montreal, a crown attorney for a number of years, a prominent jurist and a judge of great experience; Hon. Mr. Craig, a former attorney general of Manitoba and a man thoroughly acquainted with all such questions; and the present Chief Justice McRuer, who was then one of the most prominent attorneys in Toronto. These people made a report which, as I said a moment ago, everybody should read. This report is one of the milestones in the progress of penal reform. When the report was tabled, the minister asked to have changes made in the act. They were accepted here but refused in the senate. In the next year, 1939, he came back again. Unfortunately, the royal commission's report was more or less tabled and made inoperative, I would say, because of the strong influence of the departmental officials of the time, who did not believe in it. Some of them had been reproached by the report for their way of running the affairs of the penitentiaries. None were accused of ill faith, dishonesty or anything of that kind, but the report concluded that the attitude of these men was not a proper one to be held by those who were to run the penitentiary system. Yet these men were there, and they stayed there and prevented the report from being implemented. It may be said that the recommendations were not carried out on account of the war, and there is some ground for that. I would not want to go on and give the details about the prospective appointment of a commission in the first days of 1940, an attempt which failed because the one selected to be chairman finally changed his mind, and the one selected to be vice-chairman decided to run for parliament. Then at the end of 1940 another commission was under consideration. Again the prospective chairman, at the last moment, said his doctor advised against his acceptance of the appointment; since then he died. In 1941, the then Minister of Finance, who is the present Minister of Justice (Mr. Ilsley) was rightly pressing the department to curtail expenses that were not of the utmost importance. That gave sufficient ground to the departmental officials who were for the status quo to keep matters in abeyance and prevent anything from being done.

Last year, fortunately, an aroused interest in the country with regard to this question brought the matter to the attention of the then minister of justice, who decided to appoint a commissioner to look into the report of another commission. We now have that report before us. Between the bringing in of the report in 1938 and the present time, eight or nine years have elapsed. A great deal could have been done in that time. During that time we were most fortunate, in a certain way—although I suppose it cannot be said to be fortunate to have a war, but my remarks apply to the penitentiaries—in that people found employment, a large number of men went into the armed forces, and the penitentiary population was small, as was the case in most other wars.

Immediately at the end of the war or toward the end of it, a new crime wave started; our penitentiaries started to fill up again, and we were faced with the same situation as obtained before the war. But in that time, shall we say—and the commissioner himself mentions it in his report, but, of course, in diplomatic language—the former superintendent who had been blamed by the commission, was withdrawn from the service by the then minister of justice, Mr. Lapointe, in 1938. The commission was not yet appointed. One of the inspectors, Mr. Sauvant, acted as superintendent, and he was one about whom the commission had said they could not say much, that he had had no chance to prove what he could do, but on the other hand had not shown any special ability. One of the other inspectors, who had also been blamed by the report, was withdrawn. The third one had only accountancy experience and was more or less going around looking after the accounts; he was also supervising to a certain extent, without being experienced in that field, the industrial end of the penitentiary system. Soon after the war started, Mr. Sauvant, the inspector who was acting as superintendent, asked leave of absence to join the Free French forces. The remaining official, the accountant, asked leave to join the royal air force, and the third commissioner, Doctor George Shortt, who had been appointed on a temporary basis by Right Hon. Mr. Lapointe also left the branch. He had served as assistant secretary to the Archambault commission, and was brought into the picture to help start a reorganization of the system. He was brought in because of his long and intimate connection with the Archambault commission and his experience with social problems and investigations. He had been with the

combines investigation board and others of the kind. This gentleman also was seconded, some time afterwards, to the wartime prices and trade board; so at one time during the war, instead of a commission approved by parliament, instead of a superintendent and two inspectors, we had only a chief engineer running the whole show.

Today at last, after nine years, the minister brings in a resolution providing that we shall finally have a commission. It will be a one-man instead of a three-man commission. Our first reaction might be to see what General Gibson has done up to now. I must say that it seems to me he has made a thorough survey of the problem and has carefully read the files of the department and many of the memoranda prepared. In the interim, after the royal commission report was brought in, when I left the department, and when Doctor Shortt, who had been charged by Mr. Lapointe to deal especially with that problem, was left in the background, the old crowd gained influence anew and prevented any reform from being brought forward. General Gibson seems to have made a thorough survey of these reports and the suggestions made by Doctor Shortt and by the commission, and I think his report has much to commend it. Last year many people smiled when the then minister of justice recommended that a commissioner be appointed to look into the report of a commission that reported on conditions in penitentiaries. But this year, after seeing General Gibson's report, I do not think it will be necessary to appoint a new commissioner to look into the report of the commissioner who looked into the report of the royal commission. So finally we have something on which we can work.

I do not think I have time enough to analyse the whole of General Gibson's report, but there are a few things which might be pointed out. The commissioner states at page 5 that the establishment of separate reformatory institutions for young offenders can be done only with the consent of the provinces. I think this is just partly true, because there is nothing to prevent the penitentiary commission, if they wanted to put into effect one of the most important clauses of the Archambault report, from establishing a Borstal type of institution for young offenders. If such institutions were set up, well staffed, were as well organized as possible and were superior to provincial institutions, there is nothing to prevent judges from sentencing young offenders to these institutions in which they would be reformed, instead of sentencing them to two years, less one day, which means a sentence to a local or provincial gaol, while a two years' sentence would send them to these new federal institutions. Then the parole board could take charge, if we got one that would also be revamped, as has been suggested by the Archambault commission, or even if it remains as it is, because I believe it is much better than the penitentiary administration and is working very well under the present system, though not with the proper facilities for following up these people after they are released from gaol. However I believe this part of the department works well even under the present system, and this would permit these young offenders to be released when their reformation had reached the proper point, which would be at about the same time as they would be released from the gaol, and we would have in the country a sort of Borstal institution that would be worth while.

Mr. CRUICKSHANK: Does the hon. member not think it would be advisable that every possible means of reforming these offenders should be attempted, while they are still young?

Mr. PICARD: Of course, and I do not see that what the hon. member says conflicts in any way with what I am saying. I am advocating an institution for young offenders, a reformatory, instead of sending them to gaols. I want to give them a better chance to reform, and not continue as criminals.

The report itself states quite frankly that the reorganization has not been undertaken. Up to the present the yearly reports of the superintendent would lead us to believe that something had been done. They always included such words as "when possible", "if possible", "to the extent possible", and so on; but I think the present commissioner is frank when he says it has not been undertaken. He gives a list of about twenty improvements having to do with the treatment of convicts which have been introduced as a result of the report of the royal commission, but I believe all these improvements were brought about within eighteen months after the report was presented and mainly through the efforts of Doctor Shortt and myself. These changes have not been made since 1939 or 1940; they were made in 1938 and 1939. Paragraph (f) states that convicts are now provided with lighters at public expense, and I understand that this was an improvement brought about by the acting superintendent, while all the others were the result of the study made by the temporary inspector, Doctor Shortt, who had knowledge of the work of the commission and was eminently qualified to do these things in the right way.

The report goes on to deal quite frankly with conditions in the penitentiaries; but many of the improvements indicated, while they make a good showing, deal with such matters as new pigsties or new barns at this or that penitentiary, and have little bearing on the question of the reformation of criminals and the reorganization of the whole penitentiary set-up. They do nothing to decrease the incidence of crime or to help in the reformation of criminals, which my hon. friend mentioned a moment ago. These improvements have bettered the farm production and others have contributed, to relieve the harshness of the regime, but they are not improvements that will affect conditions in the penitentiaries for the betterment or reformation of individuals. In my opinion the present report is a great improvement over what we have seen in the past, and I have great confidence that General Gibson will get things done. Now is the time to get to work; but I hope the new commissioner will not let some statements that can be found in this year's report of the superintendent pass unnoticed. On page 47 appears a statement which has been commended by the hon. member for Kindersley (Mr. Jaenicke) as showing a great improvement. He read the statement and believed it; but let us compare the facts with the report. The report states:

> One thousand four hundred and eleven convicts out of 1,779, being apparently reformed and leading a normal citizen's life is, I submit, a most interesting achievement. As already stated, the percentage of repeaters—

But here is the catch, in the next eight words:

> —as far as penitentiary sentences are concerned, is 20·68.

That would be a really extraordinary record if it applied to all sentences, but it is not so. This would make us believe that, after being discharged, these people were reformed, but it is wrong to compare this figure with the English and United States statistics. When the English reports say that many people have not been sentenced, they do not mean to penitentiaries only but to any gaol or any other penal institution throughout England. Here the acting superintendent gives the picture in the words "as far as penitentiary sentences are concerned." Then later he says:

> Figures show that 79·32 per cent of those discharged went straight.

I do not think that is a fair statement, because of every six men throughout Canada sentenced for crimes, five go to county or local gaols and one goes to the penitentiary. I am sure the superintendent could not bring in the records of these men after investigation and prove that they had not been sent to other institutions, though they might not have gone back to a penitentiary. Here he says they went straight, because they did not go back to a penitentiary. In England, when they say such men were reformed they mean they were not sentenced to any institution. The same thing applies to the statement made in the report about the El Reno reformatory in the United States. There the records of these men are followed, and if they are said to have reformed it means they have not been sentenced anywhere. In this report, however, we are asked to believe that a man has reformed because he has not been sent back to a penitentiary. I am sure the new commissioner would not make a statement of that kind, to judge by the report he has brought in this year.

To get back to the bill, however, the point remains whether we should have one man or three men to start this work of reorganization which is so badly needed. At first, after a few years in that kind of work in the department, I had the idea that a one-man commission might work along the lines of the Royal Canadian Mounted Police. Then I realized that in the past we had been very unfortunate in most of the men to whom we had given these considerable powers. On one occasion the three members of the royal commission were in my office, unofficially, and we discussed that point. At that time I understood from them plainly that their survey of the whole penitentiary set-up in Canada had convinced them that three men would be better than one as far as this type of work was concerned. That was not because they had recommended that provincial gaols and other institutions should be included in the set-up but because they felt strongly that it should be a three-man board. The man the minister told us he would recommend to council for the approval of the governor general appears to be a better man than those we had previously. I have never met him, but his report impresses me favourably. It may be that there will still be the danger suggested by the commission, of giving a man too much power so that he may run these institutions in a dictatorial way, which the penitentiary commission was definitely against in its report; but I am willing to support the bill as it now is in the hope that the man will do what we expect him to do. It has been said that the commission favoured a three-man board because they wanted to include the other penal institutions; but hon. members may believe me or not, as they wish, when I say that when I spoke to the com-

missioners they were definitely against the one-man system, even in regard to the penitentiaries themselves.

I could talk on this subject for hours and perhaps bring in a good deal of other material that would be of interest to those who concern themselves in such matters. I believe much has been said up to now in this debate that is good. In my view the new commissioner should be given every opportunity to begin work as quickly as possible.

In conclusion, let me say that the most important thing he has to look into is the matter of staff, the question of obtaining proper staff both in respect of higher officials and even with regard to the lower ranks. The improvement which has been made in the lower ranks can be continued, because some improvement was attempted immediately after the report was brought in.

I would point out that paragraph 12 at page 8 of General Gibson's report states that a group of men was sent to the British training school at Wakefield, and the establishment of a training school in Canada was foreseen in the near future. That was done in 1938 and 1939. It cannot be said it was done between 1940 and 1947. One of the main points is that all preparation and selection of personnel were then made by Doctor Shortt who also recommended the appointment of a special officer, Colonel Megloughlin, to pursue that work.

First of all, I hope those men who will be commissioner, deputy commissioners and assistant commissioners will be chosen very carefully. Few people who had anything to do with the previous administration, at the head office should be included in that. I do not say that the wardens do not deserve to be given a chance to prove good under the new methods of improving the system and their institutions, because I consider they have been handicapped until now.

But at the head office let us clear the ground; let us clear away the dead wood. Let us have men who will understand the problem and who will be able to support the commissioner who has been appointed, or whose appointment is pending.

Then, let us plan for the penitentiary system the buildings which are to be built, and for the repair of others. Old buildings have been readapted, but much has still to be done. It has been done in England, and there is no reason why repairs cannot be made in Canada to some extent on old buildings. But this should be done by people who know better than those who have been handling it up to now.

[Mr. Picard.]

With respect to new ones, I would advocate that they be built by contract, instead of by penitentiary labour, as has been done in the past. As I stated earlier, a building was started at Laval twenty years ago but has not yet been completed. A penitentiary building which has been planned by experts, whether it is at a cost of $3 million, $6 million or $10 million, will cost less than the institutions we now have throughout Canada. And I would dare any accountant connected with the penitentiary system, or any man from the auditor general's office, to dig out what the penitentiaries branch has paid in the last fifty years in connection with the building cost of the penitentiaries we have had in that time. The cost has been staggering. Yet it does not show, because it has been a case of repairing this and repairing that, and only small amounts each year are included in the estimates. But the total actual cost of each building would frighten the house.

Recommendations which have been made by the Archambault commission show that our building methods are now outdated, according to new theories of penology. Let us see things a little more broadly, and if the new commissioner dares—and he will, if he is given support by the minister, and if the house gives him a chance to bring in his new policy—let him have these institutions built as the modern institutions they should be. They will cost less in the end. They will be better.

Someone will ask what the men will be employed at during that time. There are many things to be done. Prisoners are not confined to the crushing of stone, the laying of bricks, or the putting of one stone on top of another.

Mr. DEPUTY SPEAKER: Order; I must inform the hon. member that he has exhausted his time.

Mr. PICARD: With the permission of the house, I should like to conclude. The next item should be the classification of prisoners, something which the commissioner sets out as being most desirable, but which he admits has not yet been done properly. The segregation of prisoners is another point. Then, there is the treatment of the reformables and the incorrigibles. Much is made in the report as to the need of having a reformatory institution in the maritime provinces built after agreement with the three provincial governments, and three other such institutions, one in Quebec, one in Ontario and one in the west, which would be in addition to the regular penitentiaries.

This is far from being a Borstal system. As the minister said, some magic seems to attach to the word "Borstal" in the minds of

many people. But Borstal does not apply to all cases. The fact that we would have a Borstal institution does not mean that all our evils would be corrected. The minister was right when he made that statement. It is only part of a system, and people should not place too much magic in one word. There is a limit to what it can do; it cannot perform miracles, and our system can be vastly improved even if we do not have immediately Borstal institutions.

In connection with the building of these institutions there is one further point, and that is: What will you employ your men at? We could do the same thing as is done in the United States penitentiaries. We could incorporate a crown company which would administer the institutions. We could have workshops and turn out products which could be sold to the government. They could be operated at a profit. At the present time, when the department gets in any money it goes to the receiver general. The institutions could make money from year to year and become self-supporting. In the United States an independent state company has been organized. It is administered independently, but it is under the supervision of the department of justice. This company operates shops in all the institutions. The men are taught trades in the shops, which are operated just as a manufacturer would operate them. They do not compete with outside manufacturers who are supplying the public. But they do sell to the government at a profit, receiving the same prices which are received by private manufacturers.

The prisoners are employed in this way. They are allowed fair salaries to be given to them when they leave the institutions. I suggest that the idea of a crown company should be surveyed.

Now that we know that General Gibson will be appointed, I am prepared to give him full confidence and encouragement. It matters little whether he is accompanied by one man, two men or three men; if he is the right man he can do the job. I am willing to support the bill, and to recommend it. The commissioner should not procrastinate. He should put into operation as soon as possible either the whole report, or whatever portion of it he intends to make effective. I have great hope that he will prove to be the man who can give proper leadership, and for that reason I am willing to support the bill.

Mr. T. L. CHURCH (Broadview): I am glad to see the hon. member for Bellechasse (Mr. Picard) back in his seat. I always listen to him carefully, and read his speeches, but an hour is too much for anyone to speak here on this subject at the present stage of the session. I shall occupy only about ten minutes of the time of the house.

I have sympathy for the minister who has started out in his new department to try to clean things up in connection with prison reform. Nothing was done during the war; although what the war had to do with it, I do not know. I believe those who were in charge of the department were largely to blame.

Prison reform is not connected with a war. I wish to compliment the minister because he has started out actively to clean up in the matter of law reform. I would thank him for what he has done thus far. I believe that in the minister we have a man who is sincere and one who has rendered splendid service to his country. He is now in a position to do something by way of real prison and law reform.

It is one of the cardinal principles of magna carta that the people should take a large share in the administration of criminal justice. Whether these institutions are managed rightly or wrongly, they are managed solely and entirely by crown officers. Nobody knows what is going on in them; nobody knows night or day what is happening to the poor unfortunates in these stone piles.

This debate has been going on and I noticed there were only eleven members on the government benches, but there are two or three more now. Last night there were twelve on the Conservative benches; there were eight government members up until 10.30 o'clock; there were six C.C.F.; there were two Social Credit members and one or two other independent members; a total of twenty-nine. The number has not increased very much since that time. Is it any wonder that so little is done in connection with this work? Is it any wonder that these things are going on?

The whole question of reform started in Toronto back in 1908 and 1909 when Mr. Hanna was provincial secretary. Three of the newspapers took it up and they kept it consistently before the public. One was the Toronto *Telegram;* the second was the old *Globe* under the editorship of the late Harry Anderson, a former member of the press gallery, and the third paper took a great deal of interest in it. What kind of inspection do we have? Members of the House of Commons and of the Senate are on the board of visitors, but how many of us have visited these institutions?

We all know what Mr. Hanna did to clean up the situation in Ontario. The city of Toronto established two gaol farms, one on Yonge street for men and the other at Concord for women, to help close up the Mercer reformatory. The latter is there yet. Many of these institutions were built before confederation. The Don gaol, which is in my riding, was built just a little after confederation. The late Doctor Hastings, the medical health officer, and I visited it, and we both condemned it as being unfit for human habitation, but it is still in use today. Thousands of prisoners go through that gaol every year, many of them who have never been in trouble before. It is not the fault of the fine officials there. The system and plant are to blame. It is a public scandal that prison reform is nowhere. We talk about the magna carta and freedom, but in these institutions there is nothing but fear. They should have the motto over their doors: "Abandon hope all ye who enter here."

Let us look into this problem. The attendance in the house was only twenty-nine up until 10.30 o'clock last night, 216 members being absent. It is up a bit today, but it has never been over thirty-five while this discussion has been going on. The first thing we should do is to appoint twenty-five members to visit these institutions and find out if this report has given value for the expenditure of the money that was made. I have a great deal of sympathy with the gentleman who has been appointed. He has taken hold of this thing. He is a good citizen and a likeable and able man. I shall give him any support I can, and to the two gentlemen the minister has chosen. The report has recommended changes that should have been made twenty-five or thirty years ago but forgets to get on with the Borstal system federally and do something now.

Some sections of the country have been getting relief in connection with these matters while others have not. I remember when the Hepburn government was in power in Ontario in the thirties and early forties. The federal government enacted a measure to assist in the building of municipal institutions by provinces in order to relieve unemployment. In Quebec, Three Rivers got a court house; other places in Quebec and other provinces got new schools, new gaols, new roads, new sidewalks, parks and many other things. These were paid for one-third by the federal government, one-third by the province and one-third by the municipality. We did not get a cent of that fund in Ontario because the premier would not permit the municipalities to accept it. The result is that we have a lot of old, dilapidated gaols, some of which are not fit for pigpens. The late Doctor Deslauriers, then member of parliament for St. Mary, Montreal, who was here before His Honour the Speaker, said that he found some of these places to be public hazards, and I can say the same myself. After inspecting them, he said they were operated contrary to all known laws of public hygiene.

If these things were known to the general public they would not be permitted to go on for five minutes. This problem was nearly solved in Ontario and it would have been solved had it not been for the two wars. Penal reform by Howard really started one hundred years ago. After that time Mr. Thomas Fowell Buxton, M.P. in 1818, said:

> I am well persuaded that the penal evil exists only because it is unknown; that it arises not from insensibility, on the part of the nation, but from ignorance; and that a faithful disclosure of the scenes which may be witnessed in almost every county jail in England, would speedily be followed by an impulse to prevent them.

You would think that the public of this country, in modern days like these, even after two great wars when everything is topsy-turvy, would know what is going on in these institutions. If they did know, do you think they would approve? We know how some businessmen try to get off from serving on juries. As I say, Mr. Hanna did a lot toward solving this problem in Ontario. The premier of Quebec has announced the formation of a committee in Montreal to consider conditions there. The provincial secretary's department in Ontario are doing something. Mr. Dunbar opened a school for youthful offenders at Brampton and there is one also at Bowmanville.

A lot of these people should never be in gaol. Unfortunately we have many magistrates today—I am not referring to those in my city—who like to remand accused persons. They are then sent to gaol until the magistrate takes one or two weeks to make up his mind. Many of these people have never been in gaol before. There should be some change made. I had a bill before parliament which would have remedied this condition, and I hope the minister will do something about it.

I have visited many of the county gaols in Ontario and in many cases the people were too poor to pay their fines. We should adopt the law which was passed in England twenty years ago. Their summary convictions act closed half the gaols in the old country. That act gives a person a chance to find the money with which to pay his fine. All over this country people are in prison because of debt,

a thing which Dickens wrote about when he wrote about Little Dorrit. We have the same condition here in this country. Everybody knows it is wrong, but nothing is done about it. In England when a man is convicted for some petty thing and fined they give him time to pay his fine and he goes home the same night. The bill which I introduced this year had the support of the John Howard society in Canada. They wrote several letters to me commending the bill, and I hope the minister will give consideration to that bill and the clause regarding time to pay fines, because many people are in gaols who should not be there at all.

Many references have been made in this House of Commons to the Borstal system. I can remember when I first came here; in fact one of the reasons for my coming here was to get something done about this penal institution business. The old gaol in my riding was to be torn down, but I am sorry it has not been. We had the promise of the Ontario government that the moment the two gaol farms were ready they would close it up, but it has not been closed up at all. The excuse is that there would be no place to which to remand prisoners. We could have had a fine new one, if Ontario in 1935 had allowed our city to get funds the way towns and cities in Quebec did, as I mentioned before.

There should be some changes in the law. We have judges complaining about people not wearing hats. Ladies in the House of Commons and in the galleries are not wearing hats. I have seen all kinds of ladies' hats. As I said the other day in the house, some of these hats I see on women are not much larger than the size of the little cartons you get containing a spoonful of marmalade. The hon. member for Temiscouata (Mr. Pouliot) said that these hats would be too big for certain justices in courts. The other day a boy of thirteen fainted in the witness box in a Toronto court after being obliged to stand in the box for one hour. Why should witnesses have to be in the box at all and not be given a chair? I think the House of Commons should be in the box to find out modern reform.

Regarding some of these other offences, as we are talking about the other fellow, what about the poor fellow who tries to commit suicide? In Rosedale it was a popular occurrence for people who wanted to commit suicide to jump off one of the bridges there when they got that tired spring feeling or were out of work and nobody wanted to be bothered with them. A few days ago a magistrate sent one of these would-be suicides to gaol for thirty days because a section of the criminal code says that a would-be suicide must be committed to gaol. He needed a hospital, not a gaol. I hope that things like that will be eliminated from the criminal code.

We should long ago have had a legal committee here to consider legal bills, as they have in the provinces. I hope the minister will bring down an amended criminal code. There should be a decennial revision of the code just as there is of the Bank Act, to bring it up to date. We should not leave it the way it is, where nobody knows the law.

Here we are in this House of Commons within two hours of one of these penal institutions and within three hours of another one. Surely twenty or twenty-five members could go through one of these institutions and see what the actual conditions are. The Archambault commission on prison reform came about because of Toronto and other members, aided by Toronto newspapers, keeping before this house the need of prison reform. This report, after three years, cost half a million dollars, and only for a few recommendations, still not law.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, I have listened with great interest to this debate and have learned a great deal. I listened with much interest to the speech of the hon. member for Kindersley (Mr. Jaenicke) and to the brilliant speech made last evening by the hon. member for Lake Centre (Mr. Diefenbaker). I represent a large number of people and a good number of organizations who are much interested in this problem, and for that reason I wish to make a few comments at this time. I would not for a moment suggest that I could speak with the same authority or knowledge possessed by some other members. But I can say this. I speak personally and for many persons in my district who are much concerned about what is to be done about this problem.

This is not a spectacular bill, not one that creates a good deal of ferment in the country, and apparently not a great deal of interest in the house, but it is an important bill because it is one aimed to do something to assist our unfortunate Canadian citizens in a new way. In doing that, I say that we are taking a step forward in the development of Canadian civilization. In my opinion this bill, together with the remarks made by the Minister of Justice (Mr. Ilsley), the report of General Gibson, and the speeches of hon. members, indicates that at last something is to be done to implement some of the provisions of the Archambault report.

Over the years I have made it a point to visit some of these institutions and have

visited in them individuals whom I had known previously in civilian life. I have talked with them and come away somewhat sad because I realized the unfortunate circumstances that do prevail in some cases. I have felt up until recently that the great majority of the Canadian people were very remote from this problem. I think it has been a question of their not seeing the problem because they were not thinking about it, and those who were concerned were a small number who were interested in it from humanitarian motives, and the relatives of the unfortunate inmates. But I think that situation is changing. I have noticed that appreciably in the last year or two and in this debate in this house, which I think will do a great deal to inform many people in Canada who have not been interested to date in this great problem.

As far as my own experience in my constituency is concerned, I have a personal knowledge of several unfortunate cases, the result I should say of a mixture of impulsive youth, excessive drinking, and in some cases unfortunate companions. I have visited some of these people in the institutions and have talked with their relatives, and more than ever have I become convinced that the time is right to adopt new methods in our penal institutions. I have discussed this question with senior police officials, judges, magistrates and many other people, and the general opinion expressed by those competent and responsible people was that there was a great need for segregation. That is one thing which impressed me in visiting these institutions. There is also a great need for training while in the institution and a great need for after-care. The hon. member for Lake Centre mentioned an unfortunate person who spent some time in a penal institution and reformed and returned to civilian life. For some reason or another there is a stigma attached to those who have paid their penalty to society in a penal institution. I have known several men who could not regain positions because somehow or another some person was mean enough to remind someone that they had served a prison sentence.

I do want to support the plea of urgency that has been made by several members. This is an urgent matter and action should be taken as soon as possible. I am not in accord with some of the severe criticisms that have been made of the proposals in General Gibson's report or the outline given to the house by the Minister of Justice. I prefer to wait for a year or two and see what happens as a result of this legislation.

In concluding, I say that many of us have great hopes, and I hope that, after the passing of a year or two, we shall be able to commend the minister and his officials upon the results which have been obtained in that time.

Mr. DEPUTY SPEAKER: I must remind the house that if the Minister of Justice speaks he will close the debate.

Right Hon. J. L. ILSLEY (Minister of Justice): It will not be necessary for me to say very much in concluding this debate. The bill before the house is a simple one, as I said when I introduced the resolution. The debate has taken a wide range. I am not sure whether the rules of the house permit so wide a range, but I did not wish to take any exception to the latitude of the speeches, because I thought the discussion was so useful and I preferred to have it at an earlier stage rather than at a later one in the session.

Much of this discussion would ordinarily have taken place on the penitentiary estimates. Other parts of the discussion would have taken place in the normal course on amendments to the criminal code. However I am grateful to hon. members for expressing their views on so many subjects connected with the administration of the penitentiaries, and for expressing them so frankly and so fully as they have in this debate.

I do not know that it is necessary for me to reply *seriatim* to the points which have been made by various speakers because, as I have indicated, there will be occasions later in the session when these matters can be discussed more properly than they can be on this bill.

The hon. member for Kindersley (Mr. Jaenicke) somewhat sharply challenged the principle of the bill. I think he was the only member who has spoken in the debate who did. He took the position that he was opposed, and that the house should be opposed, to the setting up of a one-man commission instead of a three-man commission. On the resolution I gave the reasons why the government took the view that in the circumstances a one-man commission was preferable. It may be that if all the recommendations of the Archambault report could be carried out the argument for a three-man commission would be stronger; but the main recommendation of the Archambault commission cannot be carried out.

Recommendation No. 1 reads as follows:

> The Canadian penal system should be centralized under the control of the government of Canada, with the federal authorities taking charge of all the prisons in Canada, the provinces retaining only a sufficient number to provide for offenders against provincial statutes, prisoners on remand, and those serving short sentences.

I am not convinced that that would be a desirable thing to do. There are a great many opponents of centralization in this country, and a great many who believe that decentralization, even in matters such as this, is preferable. The arguments for decentralization in this field are about as strong as they are in a great many other fields where they are admittedly strong. I am not convinced that that recommendation should be carried out, but even if it should be, I have no reason in the world to think the provincial authorities would be willing to have it carried out.

Mr. DIEFENBAKER: Will the minister permit a question for the purposes of information?

Mr. ILSLEY: Yes.

Mr. DIEFENBAKER: Have the provinces been communicated with recently with a view to ascertaining their position in that regard?

Mr. ILSLEY: Not so far as I know. After all, that would involve the taking of a decision by the federal government to press for centralization and the control of all the prisons of Canada. We have been pounded during the greater part of this session whenever we allegedly approached anything like centralization. We have been attacked for desiring to centralize authority by some of the provinces and by a great many hon. members. As I say, I am not convinced that it would be desirable to attempt to vest in ourselves control of all the prisons in Canada. If hon. members wish to advocate that I should like them to take some responsibility for advocating it. I say that if the provinces of Canada desire to discuss that with us we shall be glad to discuss it. They will not find us the least bit stubborn on this point. If they want to discuss the matter we have an open mind on it. But under the constitution theirs is the responsibility, and instead of our reaching out to get more responsibility and vesting it in ourselves, it seems to me it is for the authorities who have the responsibility and who think they should divest themselves of it to approach us, rather than for us to approach them.

As I say, if we could carry out the main recommendation of the Archambault commission's report, maybe the argument would be stronger for a commission of three, but we cannot. I think one-third of the prisoners of the country are under the jurisdiction of the dominion parliament and approximately two-thirds of the prisoners are under the jurisdiction of the provincial legislatures, so our field of activity is hardly one that requires an elaborate organization. It is a field of activity where, in my judgment, one commissioner provided, as I said, that he is a good man, is better than three.

In the late thirties we were going in for these three-man boards, five-man boards, seven-man boards and so on. All over the country it was said that they were the salvation. It was said, let us have a board; put the board outside of the control of the government if possible, and certainly well away from the control of parliament, and let it function, as it was said, without any political interference; then we would get efficiency. Now we have had a lot of experience with these boards, and personally I do not believe in going too far. There again the opposition in the house has criticized us for our boards, our commissions, our controllers and so on. If I am to be responsible for the administration of the penitentiary system of Canada I want to be dealing with one responsible official, not with a board. When something goes wrong I do not want to have to find out, if I can, which man or which two men or who it was that was responsible for its going wrong; I want to be able to hold one man responsible instead of an aggregation, which is very much harder to put your finger on. You cannot say that three men are three times as good as one man; you cannot say, the more the merrier, the more the better in these things. You have to pay some attention to the human factor. If you get one good man who is responsible to the minister who, in turn, is responsible to the government and to parliament, in my judgment you get a more efficient organization in a matter such as this than if you set up a board.

The reasons for setting up boards in some instances is to give all the parts of the country representation or something of that kind. There is no such reason here. Therefore I ask the house, which I think it is prepared to do, to support the recommendation of the government in this regard.

It was very interesting to hear the hon. member for Bellechasse (Mr. Picard) say this afternoon that the former minister had difficulty to get men to accept appointments in this field. It may very well be that if we stuck to the idea of a three-man board we would have a little difficulty getting appointees. That will not be a difficulty with this legislation, because we have the commission set up as soon as the legislation is passed, and at least we shall not have much of an excuse if we do not make some progress in the very near future, as the house and the country expect us to do.

Mr. DIEFENBAKER: Will the minister permit one simple question? He mentioned that in the late thirties the practice of estab-

lishing large commissions came into vogue. Would he mention what commission he has in mind which started that tendency?

Mr. ILSLEY: No, I do not think so. I do not want to mention any particular one. If I did it would be thought I was criticizing a particular one. I do not want to do that.

Mr. DEPUTY SPEAKER: Shall the motion carry?

Mr. JAENICKE: On division.

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

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

Right Hon. J. G. GARDINER (Minister of Agriculture) 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

Administrative service—

1. Departmental administration, $191,314.

Mr. WRIGHT: I do not know whether the minister intends to make any statement on this item. If he does, I shall wait.

Mr. GARDINER: I do not know that it is necessary to make any lengthy statement at this time. Matters having to do with agriculture have been under discussion on more than one occasion since the beginning of the session, and I do not wish to cover ground which has already been covered. Probably I should say, however, that there have been some changes in the estimates, as hon. members will see. The general or ordinary vote has been increased by $1,224,135.34, while the special vote has been increased by $1,125,000. The items which go to make up these increases are shown in the estimates, and I do not intend to go into them in detail, but I think I should call attention to two because they do have some bearing upon other items.

It will be noticed that there is an increase of $451,340 in the vote for experimental farms, but I should explain that this represents an amount which was previously in the prairie farm rehabilitation vote and which is now being extended under the experimental farms vote. The amount which has been voted for the St. Mary river dam project, $1,500,000, is a new vote in these estimates. This work was commenced last year and is being carried on this year, with a larger amount being expended.

The only other point I wish to make at this time in regard to the agriculture estimates is that through the administration of the agriculture department we are attempting to carry out the policies which have been laid down during the last few years. In 1944 we brought in legislation which tended to indicate the direction agricultural policy would take throughout the transitional period. I think it was generally agreed that during the last three years of the war agriculture had experienced conditions under which the returns from the activities of farmers throughout Canada were at least as satisfactory as, if not more satisfactory than, they had ever been in the history of Canada. That being so, there was considerable concern as to whether we would be able to maintain that position throughout the transitional period. The government brought forward legislation providing that floor prices might be established under farm products; and during the time the discussions were taking place many hon. members were concerned as to the level of those floor prices in the years immediately following the war. We are able to say definitely that the floor prices which have been maintained are at least as high as the prices of any of our products during the last three years of the war, and much higher than the prices of most products during that period. As a result, the returns from agriculture across Canada on a cash basis have been higher than the average of the last three years of the war, and that condition has prevailed in spite of the fact that the quantity produced has been smaller. In other words, we have had a lower production of dairy products, animal products and feed grain during the years immediately following the war than the average of the period I have mentioned toward the end of the war; yet we have had a higher average return during the last two years than during the preceding two years. The average cash return for farm poducts disposed of by famers during the last three years of the war was about $1,600,000,000.

The return for each of the last two years was considerably over $1,700,000,000. So I say that as far as returns from farm products are concerned, on a cash basis, in spite of the fact that production was down, the returns themselves have been higher than during the years which we undertook to attempt to maintain our position in relation to them.

The other objective set at that time was to attempt to stabilize prices for farm products, or the returns from farm products, over as long a period of years as possible. That matter has been discussed, in considering other measures, at such great length that I do not think it is necessary to say more than that prices have been stabilized at a higher level in the months since the end of the war and for some time into the future than was maintained during the last three years of war. That being the case, we feel that the policy as laid down at that time in relation to stabilization has been carried out.

One point I should like to make at this time is that we have also made provision for enlarging upon the plans for rehabilitation. I believe it was two weeks ago I brought down in the house a statement dealing with rehabilitation, not only in relation to the rehabilitation act itself, which applies to the drought area of western Canada, but with regard to rehabilitation in general across Canada. Under the provisions of that statement it is intended to carry on rehabilitation in the drought area with expenditures at least equal in actual amount to the amount expended in the years immediately preceding the war. We intend to set out the amounts in the experimental farms vote that will be required for certain of the work which previously was carried on under expenditures from the prairie farm rehabilitation vote. To that extent the amount which may be expended on the usual works which have been carried on under prairie farm rehabilitation has been increased.

In addition to that, it was provided that a certain sum would be set up from time to time, either in the general or in the supplementary estimates, to take care of special projects. It was mentioned that among those projects would be some development in connection with marsh lands in the maritime provinces, some development in connection with special projects in British Columbia, and some expenditures in the other provinces across Canada in order to deal with certain developments which were thought necessary for the promotion of agriculture.

I repeat that the first vote of that type which we have in the estimates, which is in the same form as others to be passed, will be found in item 31, under which vote we have set apart an amount for the St. Mary river dam project. Money will be provided in the same way.

At the time I brought down that statement I was asked a question, I think by the hon. member for Swift Current. Afterwards, when I saw the question and the answer in print, I realized that I had not really answered the question which had been asked. We have set up certain methods of dealing with problems which arise in the drought area of western Canada, or what has been known as the drought area. I was asked the question as to whether the last proposal made in the statement issued at that time covered such projects as that which might be put into effect around Elbow on the Saskatchewan river.

Elbow, on the Saskatchewan river, is in the drought area. It might be correct to say that any project which might be undertaken at Elbow would be taken under a vote similar to that with regard to the St. Mary river dam. There is, however, this difference between the two projects, that all the waters controlled by any projects which may be brought into being on the Saskatchewan river are projects having entirely to do with waters having their origin in Canada; whereas the project on the St. Mary river is one which has to do with waters which come directly under the international waters commission. So that the two are not on all fours, but they are both within what is known as the drought area.

The other projects to which I referred in what might be called number 3 in the proposals set out in the statement were projects which were intended to be carried on outside the drought area altogether—along the northern part of the three prairie provinces, anywhere in the province of British Columbia, where it might be considered desirable to proceed with projects, and in the provinces of Ontario and Quebec, and the maritimes, where it might be considered advisable to proceed with projects. The only projects specifically named were those having to do with marsh lands in the maritimes, and some special projects, which were not determined, in British Columbia. But the third item was intended to cover the provinces of Quebec and Ontario, the northern areas in the three western provinces, and then any other developments of a similar nature which might be brought about in the maritime provinces or British Columbia, all of which would be outside the drought area.

Mr. COLDWELL: What progress is being made with the Saskatchewan river project? I have a reason for asking the question, because the possibility of building a bridge across the Saskatchewan river at North Landing depends upon the project. One is anxious to find out what is being done with regard to this project in order that one might know something to tell one's constituents upon returning to his constituency.

Mr. GARDINER: I would rather discuss that situation when we reach the proper item, but perhaps I can give information sufficient to serve the purposes of the hon. member for Rosetown-Biggar. The present position of the project is that the engineering necessary to determine whether a dam which can be maintained can be built on the Saskatchewan river has been completed. While I was out west a week ago, I made inquiries as to when we might expect to receive the report in Ottawa. I was told that the report was then with the consulting engineer, who was in Washington, that it was being considered by him and that it was expected back within a short time. I returned to my office in Ottawa only this morning, and have not yet had an opportunity to go into all the matters concerning the department; but, so far as I know, the report has not yet reached Ottawa. I am hopeful, however, that it will be here before we reach the item in question.

With regard to the general question having to do with the bridging of the Saskatchewan river, I have some knowledge on the subject because I think nearly all the bridges on the Saskatchewan river which were built in Saskatchewan were built during the time I was in the government of that province.

Mr. COLDWELL: But by joint project, federal and provincial.

Mr. GARDINER: But financed largely by the province. The projects they have there which permit persons to cross the river by car or by horse were projects considered to be the responsibility of the provincial government. I believe that is still true. The attachments which were put on the railway bridges were also considered to be the responsibility of the provincial government. And where bridges were built to serve both the railway and highway traffic, those projects were financed by the railway and the province.

Mr. COLDWELL: What about the Borden and Outlook projects?

Mr. GARDINER: I do not think the federal government took any part in financing them.

Mr. COLDWELL: Oh, yes.

Mr. GARDINER: Or any considerable part. If they did, it was a very small part. The Outlook bridge was one which was built when I was not in the government. It was built in the days of the Anderson government; but the others were built during the time I was in the government. And during the greater part of the time they were being built I was minister of highways. Those bridges were largely financed by the province with the help of the railways.

Mr. COLDWELL: The reason I asked the question was that what is done with respect to the bridge at North Landing depends upon what is being done on the Saskatchewan river.

Mr. GARDINER: Of course, if the dam is built as it has been projected by the engineers, it will mean that the bridge at Elbow—not the bridge at Outlook—will have to be raised, or will have to be placed on a different location. In so far as the bridge north of Swift Current at Saskatchewan Landing is concerned, my understanding is that if the dam is built to the height to which the engineers consider it should be built—the depth of the river is to be increased to fourteen feet—there would be some additional cost of building the project, but it would not be very great. The abutments and all that kind of thing would cost more, but otherwise the expenditures would not be much greater.

Mr. COLDWELL: My understanding is that a high level bridge will be required.

Mr. GARDINER: It depends on what you are going to do, whether you are going to sail boats under it. I believe the hon. member for Davenport did hope that boats could be sailed through there. If you have a lake 100 and some odd miles long which is fourteen feet deep at its shallowest end, there is a possibility that boats could be sailed there and that would have a considerable effect upon the kind of bridge you would want to build at that point. To the extent that we might have increased costs if we undertook to build a dam we might then be required to add something to what the province and the railroads would spend on a bridge, but I think it is still the responsibility of the province to finance the building of the bridge.

Mr. COLDWELL: On the same basis as it was done before?

Mr. GARDINER: On the same basis as it was done before. Those are the only remarks which I desire to make at the present time with regard to the estimates. As is usual, we shall be able to discuss any point that may be raised as we go along with the different items.

Mr. ROSS (Souris): The minister referred to the Prairie Farm Rehabilitation Act which will come up under another item. Since the commencement of this session, I have had on the order paper a resolution reading as follows:

That in the opinion of this house, the government should take into consideration the advisability of expanding the Prairie Farm Rehabilitation Act into a national soil conservation and farm rehabilitation act and extending its activities to all the settled farm areas of Canada.

As the minister knows, there has been quite an agitation, not only this session but during the past couple of sessions, from the maritimes to have the provisions of this act applied to the reclaiming of their marsh lands. There have been similar requests from British Columbia and from other sections of the prairie provinces which do not come under this act. Is it intended during the present session to make this act a national measure?

Mr. GARDINER: No. I announced at the time I made the statement that there was no intention of doing that at this session. In looking at my book, I believe I stated the position in relation to the $451,340 the wrong way about. The amount spent has been transferred from the experimental farms vote over to the other.

Mr. WRIGHT: I should like to make a few remarks on this general item, following what the minister has stated. I do not think the minister needs to offer any excuse for the increase of some $2,349,000 in the estimates of his department this year, especially in view of the facts which he has just related with regard to the development of irrigation projects under the Prairie Farm Rehabilitation Act. As a matter of fact, I think he would have been justified had his estimates been considerably higher.

In 1939 we were spending some $18,000,000 under the agriculture estimates, and this year we propose to spend $23,202,000. However we must realize that with the increased cost of materials and labour today we shall probably be able only to supply services somewhat below those which were supplied in 1939 with $18,000,000. There have been great shortages of food throughout the world and today Canada is one of the greatest reservoirs of food in the world. In view of that fact, our expenditures might have been increased to provide an impetus to increase food production in this country.

As the estimates indicate, the increase in expenditures is largely on irrigation projects in western Canada. However, there are many other items in connection with which I think increases would have been justified at this time. I refer to health of animals, the enlargement of T.B. free areas, more inspection work in connection with Bang's and other such diseases. I think we would have been justified in making much greater expenditures than we are.

The world position today with regard to food indicates the necessity for increased production. Sir John Boyd Orr, speaking at the food conference held at Virginia Springs in 1944, stated that, while science would win the war, food would win the peace. I think we realize today the truth of that statement. We won the war through advances in science, and the conditions in the world today indicate that it will be food that will win the peace.

Canada had a remarkably good record for food production during the war. We increased our production of meat products, dairy products, and various other farm products tremendously during those years and at a time when there was a scarcity of help on our farms. But today we find that the increases in production which we made during the war years are slipping away. In my estimation we should at least be holding the gains we made. I realize, as the minister has stated before in this house, that our increased production of meat and dairy products during 1944 and 1945 were due to quite a large extent to the fact that when the war started we had surpluses of grains in storage and that during the early years of the war we increased those surpluses until in 1943 we had probably the greatest storage of grain in Canada we had ever had or probably ever shall have. It was through the use of those grains that we achieved an increased production of meat and dairy products during 1944 and 1945.

However, as I say, that production has dropped seriously. Last year the drop was some thirty-three to thirty-five per cent in the production of bacon, and there was also a reduction in the production of beef. According to the Department of Agriculture marketing services for May, there was a decrease this year to date of 33·8 per cent in the production of hogs in western Canada, and a decrease of 12·3 per cent in eastern Canada. In beef there was a decrease of 27·2 per cent in western

Canada and a decrease of 1·3 per cent in eastern Canada. That reduction in production is serious.

It has come to a point, at least in the area which I represent and which is one of the better stock producing areas in western Canada, where our production today is less than it was in 1939. That is a serious situation and one which cannot be justified. To a large degree it has been brought about by the policies of this government. I remember the minister stating in 1940 that the policy of the government was to see that we had a diversification of agriculture in western Canada. That stock should be fed on the farm where it was produced, that was the place to finish them. Yet we find that that is not being done today, largely because of policies initiated by this government. These policies are not economically sound. They are not good so far as our western agriculture is concerned, and I doubt whether they help eastern agriculture to any great extent.

This drop in production is, in my estimation, due to two or three definite things which the government has done or failed to do. One of the reasons for the drop in agricultural production in western Canada has been that agriculture is not holding its own in our Canadian economy. I may be asked why I make that statement in view of the fact that, according to the statistical summary of the Bank of Canada, using 1935-39 as the base period, agricultural prices in 1939 were 91·8, while in 1946 they had reached 183·7, or a rate of increase of 100 per cent in the returns to agriculture. But when we give those figures we must take into consideration that the cost of production of agricultural products in 1939 was 99·1, while today it is 149, or an increase of some 50 per cent. We must also take into consideration the fact that in 1939 the average farm income in Canada was only $743. That is a pretty low base from which to start, and even when we have doubled that amount we still have not got very far so far as the returns to agriculture are concerned. The result is that fewer people are prepared to enter agriculture today than at any other period in our history.

In 1941, when we were discussing the Veterans Land Act in the veterans committee of this house, a survey was made to find out the number of boys in our army who would prefer to enter agriculture when the war was over, and out of the first 200,000 who enlisted some 70,000 indicated their desire, when that survey was made, to go into agriculture, even though agriculture had gone through a very much depressed period during the 1930's. But today, now that our boys have actually returned, a much smaller number of them indicate their desire to enter agriculture. That is an indication that, after their return to Canada, they have looked around and decided that there are other occupations in which the returns are greater than in agriculture, in spite of the fact that the returns to agriculture have doubled during the last six or seven years of the war. Notwithstanding that the returns have doubled and that, according to the bureau of statistics, the net farm income in 1946 was $1,925, we must remember that to earn that net income it is necessary for the farmer to have a capital investment of from $10,000 to $15,000, and when we subtract the interest on that capital investment from the net income we find that the net income is quite small as compared with that of any other group in our Canadian economy. The result is that fewer young people are prepared to enter agriculture today, and the government feel that they must go to Europe to secure people to come to Canada to work on our farms here, because farming is not a sufficiently paying proposition to our own people to induce them to remain on the farm. That is not a healthy condition. It is a condition which, in my opinion, justifies a larger appropriation in our agricultural estimates than is indicated by the increase proposed in these figures tonight.

Another reason why our production of live stock products in western Canada has dropped is the price relationship which grain bears to live stock products. That relationship today is such that it is just not interesting to the farmer to go ahead and produce meat and dairy products, and consequently we find less of them being produced. I am convinced that the new prices announced to the house by the minister on March 17 for coarse grains during the coming season will not get the production that is required. The coarse grains situation in eastern Canada has been indicated today over the radio and in the press. It is forecast that there will be a serious shortage of these grains in eastern Canada. I do not believe that the increased acreage in western Canada, if there is any increased acreage, will supply that deficiency. Take barley, for instance. The price of barley to the farmer today is ninety-three cents a bushel f.o.b. Fort William, and with the present price of hogs and the present price of wheat, I do not think we shall get the increased barley acreage we should have if we are to have the increased meat and dairy production that we need in this country. The government should give serious consideration now to raising the malting premium on barley. We have the lowest malting premium on

barley of any country in the world. The premium in Great Britain and the United States varies from thirty to fifty cents a bushel, whereas in Canada we have a ceiling of 5 cents a bushel on the malting premium that can be paid to our producers. That is not enough to get the increased production we should have. Some may ask, why do you want an increased production of malting barley if it will be made into beer? My answer is that last year when we were trying to get an increased production of meat and dairy products the brewers got all the malting barley they wanted and they will not use any more for such purposes if the premium on malting barley is increased. If it were increased it would induce more farmers in western Canada to produce barley, and more barley would be left over for feed purposes. I am convinced that, until the premium is increased, you will not get the increase in coarse grains that is necessary for an increased production of meat and dairy products in Canada.

Another factor that has been curtailing production in western agriculture is the shortage of machinery in this country and our large exports of farm machinery. Last year I gave the house figures which indicated that our exports of farm machinery had increased tremendously, and that increase in exports has continued this year, with the result that there is a real shortage of equipment in many parts of Canada for the production of agricultural products.

Just before I came here at Easter I visited the local offices of the Veterans' Land Act people. They told me that they had 200 tractors on order which they could not supply. Returned men who had their farms had everything ready to go to work this spring, and yet at Easter they were, in that one area, 200 tractors short of being able to supply what was needed by these men. That is only one small section. There were hundreds of other farmers as well who needed new equipment and were unable to obtain it at that time. In spite of that, we are exporting the largest amount of farm machinery that we have ever exported in Canada's history. I have no objection to exports so long as they are not hindering the production of food in Canada. I do not think machinery shipped to any country in the world will produce more food than it would produce on Canadian farms where we know how to use the equipment and have as good land as there is any other place in the world. By increasing these exports and selling our own market short, we are not serving either ourselves or the interests of other parts of the world for greater food production.

Another matter which I believe should be dealt with is that of tariffs on farm machinery. The minister may say that we have no tariffs on farm machinery, but that is not a fault. If you look at the old tariff schedule you will find that it was made up at a time when much of the modern equipment which we are using today was not on the market. There are a number of items of new farm equipment which have power attachments which are paying tariff. I need only mention some of the newer implements used for the production of sugar beets in this country or the modern hay press which bales the hay as you take it from the windrow, or some of the modern tillage equipment which has a power unit and attachments to operate it, to illustrate my point. This new equipment has come on the market since our tariff schedule was made up, and today it is paying a tariff of up to twenty-five per cent for entry into Canada. Until we are prepared to modernize that tariff schedule, we shall not be giving agriculture in Canada a fair deal; we shall not be giving it the machinery which is necessary for it to compete with production in other parts of the world. They have this equipment in the United States and we should be able to get it here. These are a few of the things that, I believe, should be dealt with if we are to get a greater agricultural production.

Another matter is that of the use of fertilizers in this country. We can increase our agricultural production tremendously by the use of fertilizers. In 1944 I visited England, and I was on a farm where the man was threshing his twenty-fifth consecutive crop of wheat; he was threshing fifty-two bushels to the acre. His statement was that all he required the land for was to hold the plant; that he could feed the land with fertilizer containing everything that was necessary to grow the crop. I did not agree with him entirely, but I do know that they have increased their production in the European countries tremendously by the use of fertilizer. Of course you must have plenty of moisture to do that. In western Canada we can use fertilizer to a limited extent, to the extent only that we have moisture to grow the crops as well as the fertilizer to feed them; but in eastern Canada I am sure that we could, to good advantage, increase the use of fertilizer and thereby raise larger amounts of grain, vegetables and other farm produce. Yet in spite of that, we find the government disposing

of plants that during the war, were used to produce fertilizer. I shall not go into that matter at great length now; we shall have an opportunity to go into it further when we come to that particular item, but that is one of the methods which can be used to increase agricultural production. I am sure that, until we have increased our production, until we have seen that our farmers have equipment, until we have seen that the agricultural economy of this country receives as large a share of the national income as any other group we shall not have successful agriculture in Canada.

The farmers of this country compose 17·3 per cent of the working population, and yet they receive some eleven per cent of the national income. As I said, until some of these things are rectified we shall not have increased agricultural production. I believe that the Minister of Agriculture has the direct responsibility for that. Through these estimates he is the man who can and should direct our Canadian agriculture to greater production.

Mr. COLDWELL: May I butt in for one moment? I asked the Minister of Agriculture a question regarding some figures in which we were interested. I hated to contradict him because I did not know whether my memory or his was at fault, but I should like to put the figures before him with regard to the two bridges which were mentioned. The one at Outlook cost a total of $345,690.27.

Mr. GARDINER: That was relief work.

Mr. COLDWELL: The provincial government paid $36,653.37, or 10·6 per cent. The Borden bridge cost $322,120.94. The provincial government paid $32,212.09, or 10 per cent. The Saskatoon bridge cost $713,673.19. The provincial government's share was $178,418.25, or 28 per cent. I remembered that. When the minister said that the provincial government had paid the greater part of the cost of these bridges I was astonished, but since I had not the figures before me I did not care to contradict him. But in view of the statement the minister made and my memory of the transaction, I thought I should put these figures on record. I do not want to enter into this discussion tonight. We shall discuss bridges on another occasion. I quite agree that three of the bridges were built during the years of depression, but the facts are that the federal government bore the major cost of these undertakings.

Mr. GARDINER: Just to keep the record straight, the statement I made a few moments ago was that most of the bridges which were built across the river were built while I was in the government and were the responsibility of the provincial government.

Mr. COLDWELL: I asked about the Borden bridge.

Mr. GARDINER: There were two exceptions built in the days of the Anderson government; Borden I was not certain of at the time but I understand that it was built during the time of the Anderson government under the same programme and, I may say, during the time Mr. Bennett was in office in Ottawa. These bridges were built as part of the relief programme. They were carried out during that period and were, like many other things which were done at that time, provided by the dominion government, in spite of the fact that the responsibility was that of the provincial government. It will be found that the other bridges were built under arrangement between the provincial government and the railways. I do not think the federal government put anything into these bridges. The province and the railways built the Nipawin and the Dunblane bridges, and the province placed the attachments that they put on three or four of the other bridges across the Saskatchewan river. The general policy has been that the provincial government is responsible, but on these relief projects it is correct that the federal government did put up a considerable part of the money.

I wish to reply to one or two of the remarks made by the hon. member for Melfort. The first has to do with hog production. It is perfectly true that down to six weeks ago hog production was on the decline across Canada as compared with the same period in the years immediately preceding; but there was a turn in the production about six weeks ago. I wish to place on record, alongside the statements that have been made, the present position in relation to hog marketing. Hog marketing showed a remarkable recovery throught the month of April. Eastern Canada, as a whole, marketed 28·6 per cent more hogs than during April, 1946. The marketings for the province of Quebec increased by 41·9 per cent; for Ontario, twenty-six per cent. Total marketings for the dominion during April, 1947, were approximately the same as those in April, 1946, notwithstanding the fact that marketings in western Canada were approximately thirty per cent below the same period a year ago. During April, over sixty-five per cent of total marketings originated in eastern Canada, Ontario supplying 48·5 per cent of the hogs marketed. During April, 1946, the province of Quebec marketed approximately 1,000 hogs as compared with

45,000 from Saskatchewan and 30,000 from Manitoba. During April, 1947, the province of Quebec marketed over 55,000 hogs as compared with 46,723 from Saskatchewan and Manitoba combined. So the general statement is that the production has been going up very rapidly during the last month in the provinces of Ontario and Quebec, and it has been going down still in the provinces west of the great lakes. That is the general picture in relation to hog production.

Beef marketings have also been up during the last six weeks. On total, from January 1 down to the present they are lower, but the fact is that they have been going up recently. I may say that I made this statement when I was out in western Canada recently, and I was very much astonished to find that the Winnipeg *Free Press,* which is an old friend of mine—

Mr. ROSS (Souris): A new friend.

Mr. GARDINER: —took up the story with regard to this hog production and made the definite statement that the reason why hogs had gone up so rapidly in eastern Canada as compared with western Canada was the fact that on March 17 of this year we had made an announcement to the effect that the cost to the farmer in western Canada would be higher as compared with the cost to the farmer in eastern Canada; that is, to the man who fed the hogs on the farm. I was astonished to realize that we have such remarkable sows in the provinces of Ontario and Quebec that inside of a month from the announcement of the new policy we could be producing and marketing so many more hogs than we had produced and marketed in the preceding period. That is typical of some of the criticisms which are made of agricultural production by people who apparently do not know much about the history of breeding.

That is all I wish to say with regard to that one matter.

The other question I wish to say a word about is the fact that we spent $23 million in 1939.

Mr. FERGUSON: May I ask the minister a question?

Mr. GARDINER: Please sit down till I finish placing this on the record.

Mr. FERGUSON: It is a very short question. Do you think there is any significance in the fact that Ontario is being run by a Conservative government, and in Saskatchewan where there is a decrease, the province is being run by the C.C.F.?

Mr. GARDINER: That might produce more hogs; I do not know. Anyway, the statement was made a few moments ago by the hon. member for Melfort that in 1939 we spent about $23 million on agriculture.

Mr. WRIGHT: I said $18 million. That is what I meant to say, if I did not say it.

Mr. GARDINER: It was actually $23 million, and it is about the same this year. I presume that what has been quoted is the main estimates but there was added to that some $4 million in supplementaries.

Mr. WRIGHT: Yes; the main estimates were what I quoted.

Mr. GARDINER: There was added to that some $4 million for relief. That is included in the $23 million.

Mr. WRIGHT: Yes.

Mr. GARDINER: All of which means that, while the expenditure in 1939 was approximately the same as it was in 1946, or the same as we are proposing to have in 1947-48, $4 million of the expenditure in 1939 was for relief. We are avoiding making similar expenditures by what is contained in these estimates. I think it will be found that, by spending almost a similar amount in the estimates under the special votes, we are having farmers maintained on their farms without the necessity of spending money on relief. For example, last year in the two western provinces of Alberta and Saskatchewan we had as great an area which required payments under the Prairie Farm Assistance Act as has required payments in any year since the act came into being. As a matter of fact, I think our payments were higher last year than in any other year since 1939, and the area requiring prairie farm assistance was just as large as it was in some of the worst of what we are pleased to call the depression years; but still there was nothing in the nature of what we generally call direct relief. In other words, our rehabilitation expenditures are having some effect in these areas.

Something was said with regard to the costs of farming in Canada in relation to the returns from it in 1939 as compared with 1946. I have the official statement here which I think I should read into *Hansard,* in order that we may have the figures as prepared by the economics branch of the Department of Agriculture. It is estimated that the net income of Canada's farmers has increased from $387,058,000 in 1939 to $1,004,299,000 in 1945. In the case of Saskatchewan the increase in net income over the same years was almost $194 million, from $26,032,000 in 1938 to $219,931,000 in 1945. This increase—I am speaking now of the dominion—is due to higher prices

and higher output. Let us look at the picture for Canada as a whole. Cash income from the sale of farm products increased from $664,-317,000 in 1938 to $1,685,846,000 in 1945. Income in kind over the same period increased from $184,781,000 to $285,967,000. This meant that the gross income increased from $884,-989,000 in 1938 to $1,738,161,000 in 1945. That is, it almost doubled in that period of time. What about expenses? Operating expenses and depreciation charges increased from $497,-931,000 in 1938 to $750,592,000 in 1945. These operating expenses include:

1. Taxes on all farm lands.
2. Net farm rent.
3. Wages paid to labour.

Mr. BENTLEY: May I ask the minister a question?

Mr. GARDINER: Let me put this on *Hansard* first.

Mr. BENTLEY: I wanted to find out what the minister was reading from.

Mr. GARDINER: I already gave that, if the hon. member had been listening.

Mr. BENTLEY: I was following the report I had.

Mr. GARDINER: I am giving the findings of the economics branch of the Department of Agriculture.

Mr. BENTLEY: I have the bureau of statistics report.

Mr. GARDINER: Going back, these expenses include:

1. Taxes on all farm lands.
2. Net farm rent.
3. Wages paid to labour.
4. Interest on mortgages, agreements of sales and unsecured debt on all farms.
5. Feed and seed purchases from marketing channels.
6. Tractor fuel, oil and grease.
7. Truck expenses, including licences and operating.
8. Farm automobile expenses.
9. Blacksmith and machine shop charges.
10. Binder twine.
11. Fertilizer.
12. Fruit and vegetable supplies, sprays; boxes; crates; sashes, etc.
13. Fencing.
14. Repairs to buildings.
15. Machinery repair parts.
16. Water rent.
17. Nursery staff.
18. Miscellaneous, including veterinary expenses, rope, salt, hardware, etc.
19. Depreciation on buildings.
20. Depreciation on machinery.

I think it will be agreed that this pretty well covers the costs of operating. This picture is, of course, for all farmers. Different farmers in different regions will show different results. Final results will be influenced not only by the price a farmer receives but also by the weather and by his managerial ability.

The next question is: What has happened to the prices received by farmers for the sale of their products? The answer is that a good way to measure this is to use a percentage figure called an index. This simply means that if we say that in November, 1946, the index of farm prices of agricultural products is 182·9 we are saying that prices of all farm products as reported by farmers have gone up since the years 1935-39—that is, the 1935-39 average—by 82·9 per cent. The figure given a few moments ago I think indicated that costs had gone up by about 58 per cent. If we take the figure given by the hon. member for Melfort, then, costs have gone up by 58 per cent and returns have gone up by 82·9 per cent. Thus the index of farm prices of agricultural products in January, 1940, was 100. By December, 1946, it was 183·7, or an increase of 83·7 per cent. Different commodities, of course, showed different gains.

The next question is: What about costs? Here again we have an index, but this index does not measure total operating costs. It is a measure of how much prices of commodities and services used by farmers went up. The price index for commodities and services used by farmers for Canada as a whole was 106·8 in April, 1940. By January, 1946, it was 124·6, and by August, 1946, it was 130·5, or an increase of 24 per cent over April, 1940. This means that prices received by farmers increased more than prices paid by farmers. An important question that must be answered is, what commodities and services are included in a prices paid index? There are eleven groups, as follows:

1. Farm implements.
2. Building materials.
3. Gasoline, oil and grease.
4. Feed.
5. Fertilizer.
6. Binder twine.
7. Seed.
8. Hardware.
9. Wage rates.
10. Interest rates.
11. Tax rates.

These figures give the latest information with regard to the relationship between the farmer's returns and the farmer's costs, and they indicate that he is in a much better position today than he was prior to the war. I may say his position has been improved in the period since these records were made up, covering 1945. It improved in 1946, and is

improving again in 1947. So that the relationship today is even better than it was at the time these records were made up. I just wanted to put these statements on *Hansard* in order to reply to some of the statements that are being made in this discussion.

Mr. WRIGHT: I think the minister's statement rather heads up what I had to say. Hon. members will notice that he carefully avoided stating what was the farmer's income in 1939, on which these increases are based. That is the point I was making. The average farm income for Canada in 1939, according to the bureau of statistics, was $743. The average by provinces was:

Prince Edward Island	$400
Nova Scotia	420
New Brunswick	349
Quebec	611
Ontario	837
Manitoba	678
Saskatchewan	942
Alberta	816
British Columbia	552

Mr. McIVOR: What year was that?

Mr. WRIGHT: That was in 1939; but you have to take what you started from in order to find out whether or not agriculture is prosperous today. Certainly it is more prosperous than it was in 1939, and I admitted that. Goodness knows it needs to be, or you would not have anybody farming. As the minister has stated, the farm income has approximately doubled, while the increase in costs has been approximately fifty-eight per cent. So we are better off; but we are still not as well off as other economic groups within our country.

The minister had a word to say with regard to the increased production of pork. He admits that this increase is in eastern Canada, and that it is due to the assistance given by way of freight rates and subsidies on feed grain to the east. I have maintained that the increase in production in eastern Canada is not economic. It is costing the government of this country $3 for every hog produced in eastern Canada, through freight assistance and subsidies on feed grain. That pork should be produced in western Canada, where the grain is grown. That is where you can get the most economic production of pork and poultry products in Canada; and until we get an agricultural policy under which we shall have economic production we shall not be able to compete in the world markets; we shall not be able to give our own people food at an economic price; and until we change our policies so that we can do these things we shall not be any better off.

Mr. GARDINER: Perhaps I might make just one further observation. The farm organization which markets a great many of the hogs produced in Alberta has an advertisement going out over the radio and appearing in every Alberta newspaper, stating that farmers can make twenty-five per cent more at present prices by feeding their grain to hogs and selling the hogs than they can make by selling the grain. So, if they really want to feed hogs I cannot understand why they do not feed the grain under those circumstances. There may be many reasons, but certainly one of them is not the fact that they cannot make more by feeding the hogs than by selling the grain.

Mr. HERRIDGE: I should like to suggest, on behalf of several hon. members in this corner of the house, that it would be to our advantage if the minister would kindly move down more toward the centre of the chamber. We can hear him quite well when he is offering a rebuttal, but it is very difficult to hear when he is dealing with ordinary items.

Mr. FAIR: I thank the minister for moving this way. I hope he will continue his movement, and that he will meet us half way or a little more in our requests for a better agricultural policy in Canada. Tomorrow, when reports of this discussion are sent out over the radio and in the newspapers, it may be that once more people will be contending that the farmers all over Canada are becoming millionaires, and I am afraid the figures given tonight will be taken as an indication of a prosperity that does not exist among our agricultural population. A number of people have the idea that living on a farm is all milk and honey, but many of us here in the house tonight realize that farming, particularly this year, is a tough proposition for those actually engaged in it. At the present time I understand not more than ten per cent of the crop around this section of Ontario is in the ground, and I understand that in Quebec the percentage is still lower. So that the farmers of those two provinces particularly, and other provinces throughout the dominion, are facing losses amounting to millions of dollars, because of weather conditions over which they have absolutely no control.

Many people tell us that farmers are much better off than they have ever been before and I am willing to admit that to some extent. But I am still quite conscious of the fact that the farmers are not in as good position as many other occupational groups in Canada. While the improvement in income of farmers shown by the minister is apparent, it must not

be forgotten that at the beginning of the war farming was in a depressed condition, and remained in that state until 1942. To realize that, one has only to look at the amount of debt charged up against farmers at the present time. In addition, we have only to look at the state of farm buildings, particularly dwelling houses, and the need for improvements in those buildings.

Then again one must consider the situation with respect to the replacement of farm machinery. During the past five years we were not able to buy many machines. By the time the farmers of Canada have reequipped their farms, their financial position will not look nearly as good as it does at the present time. Prices of farm machinery are almost double what they were at the end of the last war; but I do not think anyone would claim that present prices of farm products are double what they were after the last war.

It might be interesting to note that in the period 1915-19 the farmers of Canada, comprising approximately one-third of the population, received thirty-three per cent of the national income. At the present time I understand that we are receiving about nineteen per cent.

Then again, while some people undertake to compare present prices with parity prices, such a comparison is made on a false foundation. The period used is that of 1926-29. At that time the average income received by the farmers of Canada was 16·6 per cent, which is not nearly sufficient for one-third of the population to receive.

I understand that many questions which have been discussed this evening will be discussed again when the different items are called. While it has been the custom for hon. members in different parts of the house to make long statements when departments are opened, I feel that we in this corner are prepared to desist from that practice on the present occasion. Long speeches would only be repeated when the different items are called. For that reason I do not intend this evening to speak at length.

We in this group shall have something to say when the different items are discussed. May I repeat that agriculture is not yet in as healthy a condition as it should be. Until agriculture is a healthy industry, the whole of Canada cannot prosper, and we cannot have that degree of unity to which the people of Canada are entitled. With a prosperous agriculture we could look forward to general prosperity throughout the country.

[Mr. Fair.]

Mr. ROSS (Souris): I should like to speak briefly on the hog question. A discussion has been carried on between the minister and the hon. member for Melfort. While both set out interesting figures, I believe they have thrown a misleading light on the present situation of the Canadian farmer. While those figures may be true, so far as domestic markets are concerned, or revenue from within Canada, everyone will agree that the agriculturist of Canada is the only producer who is tied down in respect of his export market.

Even the farm implement producers export a percentage of their output to other countries of the world at prevailing world prcies. Our lumber producers do that. But the farmer, whose wheat or live stock is exported, is on a control basis, and he does not receive the same percentage of income from his export of goods as does any other producer in the Dominion of Canada. There is still that great difference.

Then, in the matter of hog production, I stated earlier in this session—and no one has refuted it—that the eastern hog producer did enjoy about $9 per hog advantage. That is, the producer in eastern Ontario or Quebec enjoys that advantage over the producer in western Alberta. If it took twenty bushels of barley at twenty-five cents a bushel subsidy to produce a hog, then the eastern producer had an advantage of about $5 in the matter of feed alone. Then there is the difference in freight rates which has not been evened up, and which amounts to about $4 a hog, as between the cities of Edmonton and Montreal. That is another advantage which I do not think anyone will refute.

I wish to ask the minister what control the board, or those in charge of meat, have over hogs marketed and slaughtered in the abattoirs of this country. I believe the board has still some control in order to supply the bacon market of Britain. If it has, I want to know how far that control extends. I ask that because when I was home last Easter, at the St. Boniface stockyards across from Winnipeg there were a great many sows heavy with pig at those abattoirs at that time. I also read reports in the Regina press to the effect that the same thing was taking place in Regina; and I read reports from other marketing centres where people were marketing their brood sows heavy with pig at that time. So I presumed that if the government had the control over this situation it was supposed to have—and I understood it still had that control—it would be able to tell me approximately how many of those brood

sows were marketed at each centre. But the answer I got was that the Minister of Agriculture had no information.

I say the meat board should be able to obtain some approximate information on the question I asked. I trust the minister will tell me to what extent these controls exist today, and why it was not possible for the department to get at least approximately the information for which I asked. I know that in April of this year a great many brood sows were marketed in western Canada, probably for various reasons to which the minister has referred. All this does not come within his own department.

My colleague, the minister for Portage la Prairie—

An hon. MEMBER: The minister?

Mr. ROSS (Souris): I should say the member; but I am satisfied he will be a minister, at the first opportunity. However, he is still the member for Portage la Prairie. In his maiden speech he asked that farm producers in Canada should be exempt to the extent of $500 for the production of hogs and dairy products. In my view that was a worth-while suggestion, and, while it does not come within the purview of the Minister of Agriculture, it is under the control of one of his colleagues. I know there are some difficulties in the present situation.

There is another matter which will be discussed more fully under the marketing item, which arises from the fact that we have been prevented from marketing our beef cattle in the United States, the greatest natural market Canada has ever had. True enough, we do ship to the market in Great Britain, at a controlled price; but if we were able to market our cattle in the natural market offered in the United States we would be obtaining over fifty per cent more for those cattle than we are allowed by exporting them to Great Britain.

The point I should like the minister to deal with is that of the control on the marketing of hogs, in order to supply the British market; and I wish to know why I cannot have information with respect to the marketing of brood sows in western markets.

Mr. GARDINER: With respect to the first question, the extent of the control at present is that the meat board are taking from the inspected plants about eighty-five per cent of the amount delivered in 1940, and that amounts to about forty-five per cent of the marketings at present. They are taking about forty-five per cent of the marketings in the inspected plants; they are not enforcing any regulations with respect to uninspected plants. That product from the inspected plants is being sent to Great Britain.

With regard to the record of the sows marketed while in pig, I doubt very much if it would be possible to provide any record which would be useful. There is an estimate made from time to time, which shows that the number being marketed is not greater and has not been greater during the early part of this year than in normal times, if these times could be called anything but normal. If anything, they are a little less. Of course, that does not bear out the suggestion that sows which had been bred were being marketed in great numbers in the early part of this season. Again I would say that I do not think any check can be made which would be sufficiently close to be able to say that across Canada there has or has not been five or ten per cent more or less marketing of sows. I say that in view of the fact that records cannot be kept, or they have not been able to keep records which were reasonably near the facts; such records have not been kept and hence have not been made public.

These are important questions in relation to production. While I had not intended to get up to say it, while I am on my feet I will say that I agree with the hon. member for Battle River and the hon. member for Souris that certain statements put out, if not followed up by other information, give a wrong impression with regard to the prosperity of farmers. For example, thirty mortgage companies put out a statement a short time ago that the mortgage owing to those companies on farms in western Canada had been reduced twenty-one per cent last year as compared with the year before, and that the mortgage indebtedness was down to a level lower than it had been for a long period of time. Those statements are both true.

But what is of as great importance is the fact that statements with regard to farm income do not bear out the suggestion that farmers in the Dominion of Canada are well off as compared with other people. I have before me a record of farmers' income tax payments which was partly placed on the record in reply to questions asked. I think this should be put on a little more fully and if the committee will permit me I will place this on *Hansard*.

Some hon. MEMBERS: Agreed.

Mr. GARDINER: Before doing so, I should like to use a few illustrations. This gives information from 1942-43 down to 1945-46. The number of farms in Canada is given as 732,832. On many of those farms there would

be two or three farmers. There might be a farmer and his son, and then, if you called his daughter a farmer, there might be more.

Mr. MacNICOL: A farmerette.

Mr. GARDINER: Yes, a farmerette. There would be possibly three, four or five farmers on many of these farms. In 1942-43, only 3,569 paid income tax, or one-half of one per cent. In 1943-44, 7,571 paid income tax, or one per cent. In 1944-45, 15,714 paid income tax, or 2·14 per cent. In 1945-46, 27,411 paid income tax, or 3·7 per cent. A return was brought down the other day giving the number of inspectors that have been put out in the different provinces to bring in income taxes. The putting out of those inspectors brought in a great many more returns. The number has been placed on *Hansard* before and I do not think it is necessary to repeat it.

Farmers Income Tax

No. Assessed with Tax

	No. of Farms	1942-43	%	1943-44	%	1944-45	%	1945-46	%
P. E. I.	12,230	12	0·1	70	0·6	82	0·67	190	1·5
N. S.	32,977	17	0·05	25	0·08	83	0·25	56	0·17
N. B.	31,889	11	0·035	41	0·13	44	0·14	72	0·22
Que.	154,669	72	0·05	129	0·08	251	0·16	280	0·18
Ont.	178,204	784	0·44	1,234	0·7	4,000	2·25	5,589	3·1
Man.	58,024	392	0·68	1,903	3·3	5,562	9·6	7,955	13·8
Sask.	138,713	1,544	1·1	2,450	1·8	3,465	2·5	7,958	5·7
Alta.	99,732	497	0·5	1,060	1·06	1,316	1·3	4,459	4·5
B. C.	26,394	240	0·9	659	2·5	911	3·4	852	3·2
Canada	732,832	3,569	0·5	7,571	1	15,714	2·14	27,411	3·7

1942 Calendar Year
No. of farmers assessed in Canada
Up to $2,000 per annum income—14,013—63%
Over $2000 per annum income—7,145—33⅓%

While the number of returns brought in have been greatly increased it has been found that not more than seven per cent of all the farmers in Canada were making an income which the inspectors thought sufficiently large to pay income tax or to be checked further with regard to whether or not they should pay. With those facts before us, I do not think there is anyone in the committee who will say that our farmers are rolling in wealth. They are not rolling in wealth.

There is no question about it that ninety-three per cent of the farmers did not have a net income of $1,200 in those years. Now that the net income has been increased to $1,500 for a married man on a farm, the number will probably be less rather than more. We are not in position to say that our farmers are rolling in wealth. This brings me to the suggestion made a few moments ago by the hon. member for Souris that an additional $500 exemption should be given to those producing hogs, and, I presume, to those producing dairy products as well. If ninety-three per cent are not now making enough to pay income tax, I do not think that would do any good. I think you will find that the ninety-three per cent are the ones who are producing nearly all the hogs and dairy products.

There are a few large producers near the cities who are making good profits selling milk or perhaps raising hogs when they are able to get refuse as feed from the city. Some of them are making enough to get into the income tax brackets, and all of those will be found in the 3·7 per cent of farmers I have mentioned. The others who are questionable and who would raise the percentage to seven per cent, if the statements turned in by the inspectors are correct, would probably include many more of the same group. The producers of great quantities of wheat provide part of the number.

Only ten per cent of the beef produced in this country is produced on what would be considered large ranges. Ninety per cent is produced by the farmer who raises two or three or a dozen steers—you might go as high as twenty steers—but he is not the man who is paying income tax. The large ranchers produce only ten per cent of the beef produced in this country, the remainder is produced on the small farms. As one goes out through Ontario it is an exceptional thing to find a farm with more than two or three sows. They do not grow enough feed to feed more than the pigs from two or three sows and at the same time feed a milking herd of, say a dozen cows. Even to feed that number of animals they have to buy half their feed grains from western Canada. Half the grain fed in this province is shipped here from western Canada in order to produce that stock. But it is on those farms with those small herds and that small number of sows that nearly all the cattle and pigs marketed

are produced. So, when we talk about getting more production by doing something with the income tax I think we are talking about a condition which does not exist. I am sure that the expected results would not be obtained.

Mr. ROSS (Souris): What is the percentage of these cattle in eastern Canada and on the prairies?

Mr. GARDINER: I have not the figures before me, but I shall be glad to give them when we come to live stock production. I think there are more in eastern Canada.

Mr. SMITH (Calgary West): Has the minister available the comparable figure for Alberta in relation to the ten per cent?

Mr. GARDINER: There would be a higher percentage than that in Alberta, where most of the large ranches are. I can get that information.

Mr. FULTON: The minister said that somebody behind him remarked that all the farmers who were paying income tax must be in western Canada. I think that what he said about the producers of beef cattle certainly applies there, because it is a very sore point in the district from which I come that the farmers have to pay taxes on the sale of their herds. Has the minister changed his mind, or has the department changed its minds with regard to the principle that the breeding or basic herd is a capital asset?

The DEPUTY CHAIRMAN: Order.

Mr. FULTON: May I explain why I am in order, Mr. Chairman? Last year the Department of Agriculture or the Department of Finance submitted a brief on this question, and this is the only opportunity I have to ask the minister if he is still of the same mind.

The DEPUTY CHAIRMAN: That matter should be discussed with the Minister of National Revenue.

Mr. FULTON: I just wanted to ask the minister if he was still of the same mind. I think that is germane to the discussion, and it is the only opportunity I have.

The DEPUTY CHAIRMAN: We do not wish to go off on that tangent. If we allow one member to discuss that matter we are in trouble if we try to stop somebody else.

Mr. FULTON: I do not want to discuss it. I just wanted an answer to my question.

Mr. GARDINER: I think the shortest way to answer it would be for me to say that a submission by the Department of Agriculture to the other departments concerned is not necessarily the last word on a question of that kind. We have made a submission of our point of view, and a decision was reached and has been applied by the department concerned. I think the first decision reached and applied was not found to be entirely satisfactory, and they worked on the matter still further. I am sure it is not yet satisfactory to the persons concerned, and they are still working on that question.

Mr. BRYCE: A few minutes ago the minister said that the meat board was taking forty-five per cent of the hogs. How are they doing it? Are they doing what they did last year, taking fifty per cent of No. 2's from the eastern provinces and taking all the A's and B's from the western provinces?

Might I say that what hon. members have said about the income tax is quite right. About $500 is quite feasible. I have advocated something like that myself. In fact I advocated that there be no income tax on the hogs raised or the cream produced. It is not the income tax the farmer has paid or what he is likely to pay yet. When you send a bunch of inspectors around you scare the daylights out of the farmer. He is producing hogs and butter as an overtime job, just as the industrial worker in the city gets paid overtime for after-hours work. Hog production on a small farm, where most of the hogs come from and where most of the cream for butter is produced, is done by the farmer working fourteen hours a day. If you assure that man who is producing these necessities of life that he will not be taxed on his overtime production, the production will go up by leaps and bounds. Would the minister answer my question?

Mr. GARDINER: To answer the last question first, I do not think the government should attempt to tell the farmer just what he can do on his farm. If we attempted to do that we would get into a great deal of trouble. I think most farmers know—I am sure they do, because I talk with them when I go out—they are nowhere near the income tax brackets on a basis of $1,500 of net income. All one needs to do is to take the figures I have given of the number of farms and divide that into the gross income, leaving aside the fact that there is more than one man working on a farm, to find that the whole cash income plus the amount of produce which is used on the farms only produces an average of about $2,300, and all the costs of operation have to be taken out of that $2,300 to obtain the net average on farms all over Canada.

Mr. BRYCE: These inspectors have the minister's ability to make black look white.

Mr. GARDINER: Let me go back to the figures. One-half of one per cent paid income tax in one year, one per cent in another year, and 2·14 per cent in another year. The highest number ever was 3·7 per cent. If the farmer has not the income to pay income tax on, there are not many of them going to pay it, and I do not see how any inspector can collect it. He may make the farmer very angry, but that does not mean he collects the money, and the records show that he is not collecting the money.

With regard to hogs, a certain percentage remains for domestic use and all the others go to the British market, as has always been the case since we entered into agreements to market hogs in Britain. In so far as east and west are concerned, practically all the A's in Canada and the greater part of the B-1's go to the British market, but the percentage of B-1's which go from the west is higher than the percentage of B-1's which go from the east. The reason is that the domestic market in eastern Canada is very much greater than it is in western Canada.

Mr. BRYCE: You would not say they are better hogs in the west?

Mr. GARDINER: I would not go so far as to say that, although I might think it.

Mr. McCULLOUGH (Assiniboia): I am always pleased when we reach the agriculture estimates and have the minister on the other side of the house, because he conducts his department with great ability, and I say that without meaning any reflection on the other ministers. When I heard the minister reply in such vigorous terms to the hon. member for Melfort I felt that he was trying to decry that hon. member's statements. The hon. member for Melfort had indicated that the farmers were not well off, and the minister came back and put figures on the record as to income tax. I want to go farther and substantiate that the farmers today are not well off. I have here a report of the research department of the United Farmers of Canada, which gives figures for the province of Saskatchewan taken from the Dominion Bureau of Statistics. In 1944 farm capital was $1,152,826,000. The average per farm was $9,036. The value of farm buildings in 1941 was $152,286,600. In other words, the value has increased until in 1944 it stood at $172,705,946. This gives us an average per set of buildings of $1,235. The value of farm implements and machinery, including trucks and cars, was estimated in 1940 at $142,754,000, or an average per farm of $980.50. I just made a flight out west and I saw a lot of buildings on that flight. The condition of our farm buildings is deplorable. I also drove across two of our prairie provinces. Western agriculture may be in the best position that it has ever been, but we have a long way to go to rehabilitate our farm people before we can be in a position to say that we have done an adequate job.

The chief thing I wish to say tonight is that I feel sure that many parts of the western provinces will have a small crop this year. In the southwestern parts of the provinces continued blowing and drought conditions exist. When I first came to the House of Commons I advocated the principle of an ever-normal grant. At that time the minister of agriculture rose in his place and said that the Liberal party had talked about this principle before there ever was a C.C.F. May I say that so far no plans have been made for adequate storage of feed grain to take us over the lean years. Because of the conditions which exist in eastern Canada today where there are flood conditions and where, according to press reports, we shall get only a thirty or forty per cent normal crop, and since we are already scraping the bottoms of our bins, it is high time that we had a little bit of statesmanship in our government to realize that in good years everything should be done to store in vital places seed and feed to carry our live stock and to provide seed for next year. Nothing along this line has been done. It is not sufficient to talk about it. We have to plan; we have to put a real plan into effect where these things would be integrated.

Another reason for my rising tonight was to say that something should be done to increase production in this country. During the war the government asked our farm people to produce supplies of food and grains, not only for our own armies, but for our allies. The results were marvellous, not because of particular planning by the government, but because the Canadian people put their hands to the wheel. The older people and all our people really went to work; but the fact remains that little has been done to make sure that we shall maintain a sort of scientific production or stability in agriculture.

In the other departments of our natural resources we have developed our assets; we have cut our forests; we have gone into the bowels of the earth and taken out our resources of minerals and depleted them. We have done the same with our soil. All these things were put here, as some of us believe, by God as a trust. In the last forty or fifty years we have depleted the fertility of our soil. It is not

that we have not scientific data from the departments of agriculture in this country. If we properly conserve our soil we can maintain its fertility, but we have not instituted a policy to maintain that fertility.

On February 10, 1947, I spoke on the fertilizer situation in this country. There is a background to that whole problem. One of the chief reasons why we are not using fertilizer today is that the price has been too high for farmers in western Canada. It is true that they have got along one way or another without it, but in eastern Canada, where it is used generally for the production of feeds and other things, the reason it has been used is that it is a necessity. The soils are such that certain ingredients have to be added to them to build up the fertility to grow these products. What is happening in the west? We are depleting the soil. Unless we can get a policy which will conserve the soil for posterity, we shall have deserts in many of these places. I state candidly that this government have betrayed the organized farmers, in fact all the people of Canada by the way in which they have handled our war plants and by selling them out to private industry. It seems to me that the government have been seduced by capitalism and have gone down the path and sold out to them rather than keep the interests of the Canadian people at heart. It is not only the farmers' problem; it is the problem of everybody who eats in Canada, because unless we can produce food and supply our people with cheap food not only will it be too bad for our own people in the low income brackets, who are today undernourished, but also statesmen realize that, unless we can produce food and supply the other nations, we shall not have peace. That is the only way we can help to establish peace, because so long as you have starvation and hunger you will not have any sort of stable peace in the world. Therefore I say we should have established the principle of maintaining one of these fertilizer industries to produce cheap fertilizer for the farmer.

I wish to put on record the situation with regard to fertilizer in Canada. There are three ingredients which enter into the manufacture of fertilizer. Before the war, the compound which is most costly, nitrogen, was obtained from our coke plants and other steel industries. When the war came, the government built three large plants, one at Trail, one at Calgary and one at Welland. The government gave an undertaking to the Canadian Federation of Agriculture that, after the war, one of these plants would be kept to produce fertilizer for the farmers. One of the facts which have come out is that, before the war, sulphate of ammonia, which is a by-product of the coke mills, was sold for $21 a ton. This was chiefly handled by Canadian Industries Limited. All that the company did was to take this material from central Canada and hand it over to the mixing plant at $33 a ton. Therefore, even though the cost of transportation would be about $2 a ton, they made around $10 a ton. The mixture was sold at around $44 a ton, with the nitrogen going into fertilizer.

During the war through experiments it was found that the Welland plant, the Calgary plant and the Trail plant could produce a new type of nitrogen for fertilizer. When I pointed this out in the earlier debate on February 10 the minister said that we would have to export a lot of this nitrogen if we kept one of these plants. I wish to ask him now what is wrong with exporting some of it if we could produce cheap fertilizer for our own people in Canada? The government sold the plant to the Consolidated Mining and Smelting Company at a greatly reduced price. The original plant of the North American Cyanamid cost approximately $19 million, and it was sold for $4,750,000. Is it realized the profits that this private company is making? I hold in my hand a list of the profits that the Consolidated Mining and Smelting Company showed in 1946. They amount to $23,323,168, or $7.12 a share. This was an increase in profits of 100 per cent over 1945. Then it goes on to say that the chief reason for the increased sales was the greatly increased use of fertilizers. In the investigations which have been made by university men, to whom we pay good money to find out what these fertilizers can mean to us, it has been found that, by using them, we can produce eight to ten bushels more per acre. That being so, I wonder why it is not good business for this government to see to it either that our farmers are subsidized so that they can use fertilizers, or that we at least keep a plant and provide fertilizers to our farmers at cost. This has been dealt with by the Canadian Federation of Agriculture. Even one of the hon. members to my right, as far back as 1941, asked the Minister of Agriculture at that time why the price of fertilizers had been "upped" $12 a ton. I understood the minister to say he was going to look into that and see what the reason was but, as I understand it, he has never given an answer to the house.

Mr. GARDINER: We subsidized the use of fertilizers after that, during the war period.

Mr. McCULLOUGH (Assiniboia): Yes, but why did the price go up at that time? That is the point. As I indicated in this house

before, prior to the war we had a world cartel in the production of fertilizer, and today here we have the government selling the Canadian farmer and the Canadian people out to these cartels, so that once again we have the growth of monopoly in this country. I feel this has been a sell-out. Here we have the North American Cyanamid people and Canadian Industries Limited who control the production of fertilizer in this country. I think I should put on record part of the agreement which this government made with the Welland plant and Alberta Nitrogen Products Limited. I am going to read it into the record, if I may. Hon. members will recall that when the minister was approached by the Canadian Federation of Agriculture and asked that one of these plants be maintained, he stated that his understanding was that one of them would be kept; and the Minister of Reconstruction and Supply said the same thing. Going back as far as the recommendations of the war expenditures committee, a request was made that the contracts with these companies be renegotiated, so that these plants might have been kept by the government. Nothing was done about that. As I said before, I am just going to read this into the record. This is the disposal of plant clause in the government contracts regarding the fertilizer plants at Welland and Calgary, and reads as follows:

If hereafter for any reason the (U.K.) government at any time or times within twenty (20) years from the date hereof shall desire or determine to lease or dispose of said plant or any department or part thereof except to "any government within the British empire or North America," N.A.C.L. shall be given the first opportunity (for a period of ninety days after receipt of written notice stating the determination of the government to lease or dispose (as the case may be) of the same and the material terms upon which such lease or disposal will be made) to lease or purchase (as the case may be) the same upon as favourable terms as the government is then willing to accept therefor before the government shall lease or sell the same to any other party except as aforesaid and the government will not at any time during the twenty (20) year period lease or sell said plan or any department or part thereof to anyone (except as aforesaid) on terms less favourable to the government than offered to N.A.C.L.

This is article XII of an agreement between the United Kingdom government, the Canadian government and the Chemical Construction Corporation and the North American Cyanamid Limited dated August 26, 1940.

I might say that a similar agreement was made with Alberta Nitrogen Products Limited. Another clause of the agreement was that this plant would have free use of patent rights on everything which had been discovered during the war. As I said at the beginning of my speech, I think this government has failed

[Mr. McCullough.]

organized agriculture and has failed the citizens of Canada by not keeping one of these plants, at this time when we are scraping the bottom of our bins and when we may be facing a tragic situation this fall in the way of having no feed for our live stock, loss of seed and lack of production to feed a hungry world. If we had done this, I think it would have been one really constructive step toward maintaining production in this country.

Mr. GARDINER: I judge, from the trend the discussion has taken up to the present, that the C.C.F. party are carrying out what their leader announced the other day was an organized plan in the party; and I compliment them upon carrying it out, because of its effectiveness. But the representative of the Social Credit party stated a few moments ago that they intended to carry out what is the recognized and proper procedure in connection with this discussion, and would discuss each one of these matters on the appropriate item when it came up.

Mr. ROSS (Souris): And the official opposition.

Mr. GARDINER: And the official opposition, while they have not announced it, have carried it out in practice all evening.

Mr. ROSS (Souris): Which is more important.

Mr. GARDINER: I should like to suggest that an address like the one to which we have just listened is an appropriate one to have in connection with these estimates, but the place to have it is on the item of fertilizers. I do not want to start in to answer the speech which has been made, and I presume there are others in the different groups in this committee who would like to answer the speech, agree with it, or say something about it. I think it is hardly fair to the rest of us to have this organized plan carried out on a general discussion. I have no objection at all to its being carried out as the items come along and each item being dealt with by any hon. member. But I hope we can get on with this general item on administration without that type of speech which takes up only one item in the estimates.

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. FULTON: Before it does, I should like to ask the minister a question with regard to the Prairie Farm Assistance Act. Did he indicate that he would not object to a general discussion on the Prairie Farm Assistance Act, embracing the question of its extension to British Columbia, when the item is reached?

Mr. GARDINER: Yes. That is the proper place for any general discussion on any particular item. A general discussion on fertilizers is proper when the fertilizer item comes up, and a general discussion on the Prairie Farm Assistance Act is proper when we come to that item. But if we carried on as we are doing now, other members who have said nothing so far have now a perfect right to start discussion all over again, and we shall have it twice. I think that takes up too much time.

Mr. HARKNESS: I should like to ask the minister one question with regard to hog production in western Canada, upon which I am far from clear after listening to his arguments. As a matter of fact, it seems to me that he has argued himself around in a circle and down into a gopher hole which has no back door.

Mr. GARDINER: All gopher holes have a back door.

Mr. HARKNESS: There is occasionally one where the gopher has not had time to build a back door, and I think that is the kind the minister has got into. The minister has stated, and produced a great many figures to show it, that the level of income tax has nothing material to do with the reduction in hog production in western Canada. He also produced a great many arguments to show that it pays the farmer about twenty-five per cent better, I think his figures were, to feed his barley and other coarse grains to hogs rather than to market them. In spite of all those arguments, the fact still remains that the farmers of western Canada have been going backwards steadily as far as the production of hogs is concerned. The thing has apparently been falling off for the past three years. If the arguments the minister has advanced are correct I should like him to explain why this reduction has been going on so steadily. In other words, what is the reason that we are not producing more hogs, or anything like the number of hogs we should be producing in western Canada?

Mr. QUELCH: I should like to say a word on this same question. As the minister knows, before the war the people of eastern Canada were continually urging the farmers of the west to go into live stock more heavily, but at that time government policy and the price situation did not encourage this. Then, during the war there was a tremendous increase in the production of hogs in western Canada, partly as a result of government policy and partly as a result of price increases. A few years ago, however, the farmers of western Canada got the idea that the government actually wanted a reduction in the production of hogs. I do not say they should have got that idea; the minister quickly made it clear that this was not government policy, but the farmers had that idea. The point I should like the minister to clarify is this. Is it the policy of the government today that the production of hogs in western Canada should be maintained at the present level rather than increased, thereby making a greater percentage of the coarse grains available to eastern Canada? I ask that question because, in spite of what the last speaker said, I believe that we shall see an increase in the production of hogs in the west. I know that in my own part of the country all the farmers seem to be increasing the number of their brood sows once more, and I am wondering whether or not that will be a wise policy. Does the government think it is wise to bring about an increase in the production of hogs in western Canada during the next four or five years? Will the result be a glut; or would it be better to maintain the production of hogs there at present levels and allow more coarse grains to come to eastern Canada?

Mr. GARDINER: The policy of the government and of the Department of Agriculture is, the more hogs produced in Canada, the better for the farmers. Too many people are circulating the idea that we are producing these hogs for the purpose of feeding somebody. The purpose of the farmer is to make as much income as he can on his farm, while producing food. The suggestion was made by the hon. member for Calgary East that I had used figures and arguments to show that the farmer could make twenty-five per cent more by feeding his hogs in Alberta than by selling the grain. I did not produce any such arguments. I said there were advertisements over the radio in Alberta, by a farm organization, in which this statement was made. There were advertisements in Alberta newspapers, of which I have copies. In those advertisements the farm cooperative is saying to the farmer, "You can make twenty-five per cent more feeding your grain to hogs than by selling it. Feed hogs." Those are not my figures; they are the figures of the farm organization in Alberta.

On the other question, as to why hog production has been down, that has always been so obvious to every farmer in Canada that I cannot understand why even people who do not feed hogs should not understand it as well. The reason is that it takes grain to feed hogs; and I do not know of any better reason than the fact that there is not enough grain to feed any more hogs.

Mr. HARKNESS: There was always enough in western Canada.

Mr. GARDINER: There is not enough there if western Canada sells it. On the question of whether or not we want the western farmer to produce grain for the eastern farmer, the answer is definitely no. We want the western farmer to feed hogs on his own farm; at least we are suggesting that it would be a good thing for him to do so. We are not pleading with him to do it; we are simply saying to the western farmer that his own cooperative is saying, "It will give you twenty-five per cent more return, even as far away as Alberta, and it will give you a higher return the closer you get to the market, if you feed grain to hogs instead of selling the grain." That is what the farm organizations themselves say, and we repeat it, using their figure. After we have said that, however, if the farmer still continues to sell a considerable part of his feed grain, we shall not criticize him for doing so. After all, a great deal more is involved than merely the question of having the grain. A man must have labour, and he must be prepared to divide up his day in a different way from the way in which he would divide it up if he were selling grain. I said last week in Saskatoon, and I am going to repeat now, that I went west, as did many other farmers out there, because I had become tired of getting up at half-past four or five o'clock in the morning, milking from half a dozen to a dozen cows, feeding the pigs, getting a team of horses ready and out in the field by seven o'clock; then working until five o'clock in the evening, having my lunch and going back to the field again to work until sundown; then coming in and feeding the pigs again. That is why a lot of us went west. We felt that we could grow grain out there and would not need to milk the cows or feed the pigs.

Some of us kept to that opinion pretty well until 1942. Then we had a crop of coarse grains twice as large as any we ever grew before, with just as much wheat as we grew in the best years we ever had; and nobody wanted it. No one except Britain wanted the wheat, and Britain wanted 200,000,000 bushels of it. We produced 560,000,000 bushels in one year, and at the end of the season we had in the elevators 600,000,000 bushels for which we had no market, with another crop about to be marketed in August of 1943. Under those circumstances we said to the farmers, "If you want cash now, feed your grain to hogs and cattle. But if you can get along without cash now, keep the grain stored. Call it an ever-present granary, or whatever you like, but keep the grain stored either on the farm or in the elevators. At the end of the war you will be able to sell every bushel of it at a higher price than you have sold your grain for a long time." The farmer did just that. He fed an enormous quantity of pork and beef in 1943 and 1944 on grain he could not sell on the market. He could not get any price for grain at the time, except what the government gave him by way of allowance when he put it in the elevators. The government did not sell the wheat until years later.

Then someone says, "Well, why didn't we keep the ever-present granary?" There is not a member in this house who did not get up in 1945 and 1946, or who did not agree with those who did get up, insisting that this government ship every bushel of wheat, every bushel of oats and every bushel of barley we had in the country to Europe in order to feed starving people. There is no house of commons that would have permitted the government of any country, under the circumstances existing in 1945 and 1946, to keep grain in its bins and elevators. So of course the grain was shipped out to feed starving people, and you could not feed as many hogs in this country with our elevators empty and our bins on the farms empty, with only a month's supply of feed in the middle of the summer of 1945, about the same in 1946, and a little more at the present time. You could not produce any more hogs and cattle than have been produced; you could not produce any more dairy products than have been produced. I repeat that I do not understand why people keep on arguing the point. They are just as bad as the editor of the *Free Press* was in connection with the pigs. You cannot breed pigs in March and have them on the market in April of the same year; and you cannot finish pigs unless you have grain. We have not had the grain. Only this morning Mr. Kennedy made the announcement that, unless something unforeseen happens, unless something happens that has never happened before, Ontario will have only one-third of a crop of feed grain. Out west, fortunately, we have been able to get in our crop in fairly good condition, two weeks later than usual it is true, but it is not yet impossible for us to have a good crop. And to anyone who asks me in this house, "Are you going to plead with farmers out west to feed all the grain they grow this year", I say that so far as I am concerned, if the condition develops which Mr. Kennedy says is going to develop in Ontario, we shall not insist on any such thing. We shall ask the farmers of western Canada to help the farmers of eastern Canada to finish their live stock. And I have no doubt that when the western farmer requires support and assistance again, as he did in the thirties—if indeed he ever

requires it again—because of a continuation of crop failures, the people of eastern Canada will be just as helpful to him as we shall ask the people of western Canada to be to Ontario this year, if there is a shortage of feed in Ontario.

Mr. HARKNESS: The first part of the minister's argument was one which personally, coming from the west, I resent very much. It actually came down to this: His statement really was that the farmer in the west is too lazy to feed hogs, and that that is why production has gone down. As a man from the west, I am surprised that the minister, who also comes from there, would make that argument. I am very much surprised, because in my opinion that is not the reason for it at all.

What the minister is trying to cover up is his own wrong oat and barley policy, a policy which convinced the farmer in the west that it paid him better to sell grain than it did to feed it to hogs. The farmers saw their neighbours feeding hogs with grain which they bought at ten or fifteen cents less than the western farmer could sell it for, or feed it for; and the result was that western farmers refused to feed their grain to hogs. They preferred to sell it.

In my opinion one of the reasons the farmers of western Canada are still not producing anything like the number of hogs they did produce is that they are still convinced, despite the advertising the minister has mentioned, that it pays them better to sell their grain than to feed it.

In other words, this government policy, so far as grain is concerned, is responsible to a large extent, and not the laziness of the farmer.

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

Mr. HARKNESS: Yes.

Mr. GARDINER: Does he believe a man is lazy who does not wish to get up at half-past four o'clock in the morning and work until as late as ten-thirty o'clock at night?

Mr. MILLER: But they all do it.

Mr. GARDINER: But he does not need to be considered lazy if he does not want to do it.

Mr. HARKNESS: That does not enter into the matter at all. If the farmer of western Canada, as I know him, can secure twenty-five per cent more through feeding his grain to hogs, then he will certainly feed it, as soon as he is convinced that that is so. The whole thing is that he is not convinced of it. Whether it is so or not, I do not know. The minister has been most evasive about it. I suggested he had stated that farmers could make that much more. Then, however, he got up immediately and said that he did not say that.

Another argument he put up was that we did not have the grain. So far as the western Canadian farmers are concerned, they certainly had the grain. We might not have had it in Canada as a whole, but so far as the Alberta farmers are concerned, they had it. They could have fed it, and finished the hogs right there. The reason they did not do so was the government's coarse grain policy. The minister should be prepared to admit that it was his policy to a large extent which has driven the farmer—and particularly the farmer in Alberta—out of hog producing. He should not try to put the blame on the farmer for not being willing to get up early enough in the morning.

Mr. BURTON: Mr. Chairman, usually I am a mild mannered man, and only rarely is that fact abused by some people. I had not intended to say anything in the general discussion of the minister's estimates. But when a few minutes ago he went out of his way to see if he could pick a scrap, I felt I should say something. And I want to tell him this much, that if he wants one we are here to give it to him.

No sooner had he resumed his seat after accusing some of us in this group of taking part in a deliberate plan which was not according to the best principles of the house, than those who agreed with him carried on the discussion.

Let me say this much, that the short speech of the hon. member for Assiniboia was just as much in order on this item as was anything we have heard since, and a good deal of what we heard before. I could point to a number of places in the discussion which has just concluded where the minister could have taken the same exception. After the hon. member for Assiniboia had spoken as briefly as possible in giving a general resume of the situation in respect of agriculture, he concluded his remarks by referring to one subject to which he had given special study. The minister thought that was the time to pick the quarrel.

We are just as pleased as anyone could be that we have an opportunity to discuss the estimates on agriculture with a man who has given considerable thought and attention to the department of which he is the head. As I have said in previous sessions, when I have complimented him, even though we do not always agree with him we are prepared to credit him with knowing his department. But

we do object to his trying to tell us when and where we should question the administration of his department.

The minister referred to the reason a number of people had gone to the west. Let me say that I was born in the middle western states and I did not need to go west; I went north, along with my parents. The part of western Canada in which we settled, and in the area for many miles around, extending up into the district represented by the hon. member for Melfort, up into the Prince Albert district, into the northwestern part of the province, and right down into that part of the province represented by the minister himself, has never been a straight grain-growing proposition.

There are too many people with the false impression that farmers in western Canada are only grain growers. Ever since I have been in the area I have described, we have had mixed farming. During the years in which we opened up and developed that country, we produced enormous amounts of foodstuffs. We did not mind the hard work; we were prepared to put in long hours. But we did object when the rest of the nation was not prepared to give us a decent wage for the work we did.

I contend that that is where the great difficulty has been all these years. As I have said before in the house, even in the times of so-called wartime prosperity the farmers of this nation have not received a fair share of the national income. Even during the time when they were not receiving a fair share of the national income, no matter what branch of agriculture they are lending their efforts to, you find that in between there is no attempt made to have a proper relationship of the commodities that are produced.

I have contended all the time that we should have a system of parity prices which would give the farmers a fair share of the national income and provide a fair relationship between the prices of the things they have to buy and the things they have to sell. There must be a fair relationship between the various products the farmers produce. I contend that when the minister and his department lend their efforts to providing a fair and square deal for the farmers, when they make that parity price possible, then it will be found that the farmers will go to work and produce the things best suited for the farms that they have.

I contend that it would be foolish to urge the man who has a wheat farm and who possibly cannot afford to spend $1,000 to drill a well to obtain water to go into hog or cattle raising. In many parts of the west there is land more adaptable to the raising of coarse grains than to the raising of stock. The farmers have common sense enough to know what is the best thing to do with their own land if they are only given a decent chance. The trouble is that there is continuous jockeying, an effort to get the farmer to produce as much as he can for as little as you can get him to take for it.

The farmers have made up their minds that they are going to have a different deal from what they have had in the past. The estimates of the Department of Agriculture are the most important that we have to consider in this session. Whether it is considered on this first item or on the last item, in so far as I and my colleagues are concerned we are prepared to cooperate with the minister if he wants cooperation. But I contend that "cooperation" to be effective must be used both ways.

Item agreed to.

Administrative service—

2. Publicity and extension division, $170,439.

Mr. ROSS (Souris): There is an increase of $15,635 in this item, and I notice on page 81 of the main estimates there is a new chief, press services. Can the minister say what this covers?

Mr. GARDINER: The greater part of the increased expenditures for publicity is in salaries, this totalling $20,829. There is a decrease in unemployment insurance, proficiency allowances and other payments which are down $7,694. Express, freight and cartage are up $500; supplies and materials are up $11,000; travelling is up $1,000, the net result being an increase of $25,635.

Mr. FRASER: Has the department asked the civil service, either this year or last year, for additional help in connection with publicity?

Mr. GARDINER: The increase is largely caused by the adjustment of salaries which was made last year when we had the different branches gone over.

Mr. FRASER: There is no new help in this section?

Mr. GARDINER: The details on page 81 show the number of persons employed in the different branches, and it is actually down two for this year.

Mr. FRASER: Does the department work with the Canadian information service? Do they help you at all?

Mr. GARDINER: It really works the other way; as a rule we help them by supplying information as to what conditions are.

Mr. FRASER: I noticed, in a return tabled, that $627 was provided for a broadcast, either this year or some time in the past. Does the

department carry on any broadcasts or is that done by the Canadian Broadcasting Corporation?

Mr. GARDINER: We have no broadcasts, but we do supply information to the CBC for their farm broadcasts.

Mr. FRASER: Are you putting out any new pamphlets this year? I believe most of the ones you put out date back pretty far.

Mr. GARDINER: Publications which have been published, some for as long as fifty years, are rewritten from time to time and brought up to date. We have farmers' bulletins, household bulletins, technical bulletins, circulars and what we call other publications. There were 770,100 publications mailed in 1945-46 on personal requests and 363,402 mailed in bulk for redistribution; 1,753,037 copies of market reports were mailed on request and 8,993,831 copies of mimeographed, multigraphed and multilith jobs, comprising press releases, market information leaflets, et cetera.

Mr. FRASER: That would include your monthly reports?

Mr. GARDINER: Yes.

Mr. FAIR: When I spoke during the budget debate on May 12 I suggested that either the Department of Finance or the Department of National Revenue put out a booklet to inform the farmers of the proper procedure to be followed in making out fairly accurate income tax returns. Would the minister consider putting out a booklet of that kind? When discussing the same question previously the minister referred to a number of expense items that could be included and he also enumerated other items that could go on the other side of the farmers' account.

Mr. GARDINER: I understand that the *Economic Annalist* does give a considerable part of that information. I would suggest that probably this is not the department that should be putting out information with regard to income tax or the manner in which the forms should be filled out. That is really the task of the national revenue department, and I am afraid that we would be exceeding our functions if we were to go into that field. The other night, when I was out west, I did put out what I would suggest is the proper procedure to be followed. If our farmers generally would do what some farmers do, keep a very simple record themselves, they could save themselves a lot of money. I am told that farmers are being charged from $5 to $25 to have these forms made out to prove that they do not need to pay income tax. There is a much simpler method of doing it than that. I know the difficulties. The trouble is that the farmer puts in long days. But if he could sit down each evening or once a week and put down what he has paid out and what he has taken in, and then glance at the list of items that are properly chargeable to expenses as indicated in the statement I made tonight, which is put out by the department from time to time, I would say that in ninety-nine out of a hundred cases the farmer himself would find out whether at the end of the year he would be liable for income tax. Most of them are $200 or $300 away from having the necessary income. They can determine with a system of accounting that is very simple whether they are in the income tax brackets, and I think that is the only way in which a farmer can save himself expense in connection with income tax returns. I did say this, that I was certain that if a farmer did that and sent in his statement of what his position was to the income tax authorities in his own district he would save the department the expense of sending out inspectors.

I did not quite finish the statement I was making a while ago and I should like to finish it now. I think the department has done the farmer a good turn in sending out twenty-five inspectors from the different offices in western Canada. I run into persons all over Canada, some of them members of this house, whom you just cannot convince that a farmer is not making enough to pay income tax. People hear stories about the farmer selling so many thousands of bushels of grain, so many cattle and so many hogs, and they conclude that the farmer must be in the income tax brackets. I do not know how they figure it out. The inspectors have gone out and proved to their own satisfaction that the farmer it not. That is a good thing for the farmer, and I think that the more often we repeat the facts that have been found by the inspector, the better. Eventually we may come to the conclusion that it does not pay to send out so many inspectors. An experienced inspector just requires to take a look at many of the farms to see that they could not make enough to pay income tax.

Mr. FAIR: I have already made my suggestion to the Minister of Finance, the Minister of National Revenue and the Minister of Agriculture, and perhaps the three departments will cooperate to put out this booklet. I am satisfied that the farmers are quite willing to pay their fair share of income tax, but I am not satisfied that the farmers should pay a tax on the basis on which it was levied during the years 1941 to 1945, and I am speaking from my own personal

knowledge. If they were given the information in a small booklet it would not cost very much and you would have far better co-operation from the farmers and a lot less hard feeling, but of course that must go hand in hand with proper prices for the things the farmer has to sell.

Mr. GARDINER: We put out a booklet which the farmer can get for ten cents, and if he just fills in the columns and puts down the items weekly he can make a complete report.

Mr. FAIR: What is the name of that booklet?

Mr. GARDINER: The Farmer's Account Book.

Mr. HARKNESS: At page 81 of the details in the main estimates I find provision for a supervisor of race track betting. What does that fellow do? I have been intrigued by that detail for some time.

Mr. GARDINER: That gentleman is Mr. Higginson. I am told by those who have knowledge of horse racing, about which I know very little, that he is the best expert on horse racing in Canada. We get a considerable revenue from the pari-mutuels in connection with horse racing. Our department has the administration of that operation and Mr. Higginson has charge of it.

Item agreed to.

Administrative service—

3. Advisory committee on agricultural services, $3,000.

Mr. HAMEL: Mr. Chairman, if I may revert to item 1, with the permission of the committee, are all the employees mentioned in the details given on page 81 dealing with problems concerning the country as a whole, or are they limited in their work to geographical sections of the country?

Mr. GARDINER: The first item deals with the administration of the department for the whole country.

Mr. HAMEL: My second question is this. Would the minister give the names of the officers from the deputy minister down to principal clerks? They are only about seven or eight of them.

Mr. GARDINER: I could give that information in a return. I have not the names here.

Mr. HAMEL: May I have the information tomorrow?

Mr. GARDINER: Yes. We could get these names for the hon. member. I could give some of them offhand, but not all of them.

[Mr. Fair.]

Mr. BURTON: The details of item 3 for the advisory committee on agricultural services state that $3,000 is for miscellaneous services, including travelling expenses. I would ask the minister how many people are on this advisory committee and what their names are, if that is not too much trouble.

Mr. GARDINER: I put them on the record about two weeks ago when they were appointed; the names are all on *Hansard*.

Mr. BURTON: The same committee?

Mr. GARDINER: The same advisory committee. I can put them on again; I have them here.

Mr. BURTON: Are there as many as last year?

Mr. GARDINER: Is it the national committee on agricultural services? Which one is the hon. member referring to?

Mr. BURTON: The advisory committee on agricultural services, item 3.

Mr. GARDINER: The committee consists of the provincial ministers of agriculture as follows: Hon. F. H. Putnam, Victoria, British Columbia; Hon. D. B. MacMillan, Edmonton, Alberta; Hon. I. C. Nollett, Regina, Saskatchewan; Hon. D. L. Campbell, Winnipeg, Manitoba; Hon. T. L. Kennedy, Toronto, Ontario; Hon. Laurent Barré, Quebec, Quebec; Hon. A. C. Taylor, Fredericton, New Brunswick; Hon. A. W. Mackenzie, Halifax, Nova Scotia; Hon. W. F. A. Stewart, Charlottetown, Prince Edward Island.

Then there is the national advisory committee on agricultural services which is as follows: H. Barton, Deputy Minister of Agriculture, Ottawa, Chairman; W. R. Reek, acting president Ontario Agricultural College, Guelph, Ontario; C. D. Graham, Deputy Minister of Agriculture, Toronto, Ontario; Jules Simard, Deputy Minister of Agriculture for Quebec, Quebec, P.Q.; E. S. Archibald, director, Experimental Farms Service, Ottawa, Ontario; K. W. Neatby, director, Science Service, Ottawa, Ontario; A. M. Shaw, director, Marketing Service, Ottawa, Ontario; R. S. Hamer, Director, Production Service, Ottawa, Ontario; L. C. McOuat, General Agricultural Agent, Canadian Pacific Railway, Montreal, P.Q. Mr. McOuat has recently died, and someone will replace him. C. G. O'Brien, General Secretary, Agricultural Institute of Canada, Ottawa; W. H. Cook, National Research Council, Ottawa, Ontario; S. R. N. Hodgins, General Executive Assistant, Ottawa,

Ontario, Secretary; J. B. Munro, Deputy Minister of Agriculture, Victoria, B.C.; F. M. Clement, Dean, Faculty of Agriculture, University of British Columbia, Vancouver, B.C.; O. S. Longman, Deputy Minister of Agriculture, Edmonton, Alberta; R. D. Sinclair, Dean, Faculty of Agriculture, University of Alberta, Edmonton, Alberta; R. Newton, Director, Alberta Research Foundation, Edmonton, Alberta; M. E. Hartnett, Deputy Minister of Agriculture, Regina, Saskatchewan; L. E. Kirk, Dean, Faculty of Agriculture, University of Saskatchewan, Saskatoon, Saskatchewan; J. H. Evans, Deputy Minister of Agriculture, Winnipeg, Manitoba; J. W. G. MacEwan, Dean, Faculty of Agriculture, University of Manitoba, Winnipeg, Manitoba; H. B. Speakman, Director, Ontario Research Foundation, Toronto, Ontario; A. L. MacNabb, Ontario Veterinary College, Guelph, Ontario; W. H. Brittain, Dean, Macdonald College, P.Q.; M. l'Abbe L. P. Garon, Director, Ecole Superieure d'Agriculture, Ste. Anne de la Pocatiere, P.Q.

Rev. Fr. Leopold, Director, Institut Agricole d'Oka, La Trappe, Quebec; J. K. King, Deputy Minister, Department of Agriculture, Fredericton, N.B.; F. W. Walsh, Department of Agriculture, Halifax, N.S.; W. R. Shaw, Deputy Minister of Agriculture, Charlottetown, P.E.I.; G. Bouchard, Assistant Deputy Minister of Agriculture, Ottawa, Ontario; T. W. Grindley, Secretary, Canadian Wheat Board, Winnipeg, Manitoba; D. G. MacKenzie, Board of Grain Commissioners of Canada, Winnipeg, Manitoba; J. S. McGowan, Director, Department of Colonization and Agriculture, Canadian National Railways, Montreal P.Q.; J. B. Rutherford, Chief, Agricultural Branch, Dominion Bureau of Statistics, Ottawa, Ontario.

Mr. BURTON: How often does the committee to which the minister has referred meet in a year?

Mr. GARDINER: They both meet at the same time, once a year.

Mr. BURTON: Judging by the imposing list which the minister has just read, I would suggest that the gentlemen are not overpaid or overfed, because the amount set aside for their expenses appears to be skimpy. The minister is sure they are worth as much as they get.

Mr. GARDINER: They are already paid; we pay their expenses while they are here.

Item agreed to.

Administrative service—

4. Contributions to Empire Bureaux, $86,139.

Mr. ROSS (Souris): There is an increase in the contributions to empire bureaux of some $38,000. Can the minister explain the organization and its functions?

Mr. GARDINER: In view of the fact that the leader of the house desires to have the committee rise at 10.50 o'clock for some other business, probably we should leave the item until we meet again. It would take some little time to go over it all.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MACKENZIE: I move that the house do now adjourn. Some hon. gentlemen have been asking whether the house will sit on the king's birthday. It is the intention of the government to ask the house to sit on June 9, because we believe the finest respect we can pay to His Majesty the King is to be about the king's and the country's business.

Motion agreed to and the house adjourned at 10.50 p.m.

Wednesday, June 4, 1947

The house met at three o'clock.

REPORTS OF COMMITTEES

STANDING ORDERS

Third and fourth reports of standing committee on standing orders.—Mr. MacLean.

INDUSTRIAL RELATIONS—CONCURRENCE IN FIRST REPORT

Mr. MAURICE LALONDE (Labelle) presented the first report of the standing committee on industrial relations, and moved that the report be concurred in.

Motion agreed to.

IMMIGRATION

TABLING OF ORDER IN COUNCIL RESPECTING POLISH VETERANS—DISTRIBUTION OF THOSE ADMITTED

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I table a copy of order in council P.C. 1746, by which the government has increased to 4,500 the number of single Polish veterans to be admitted to Canada. In the first movement last year 2,876 of these veterans came here and have been settled on the farms. Recently 481 more

arrived and proceeded to western Canada. They arrived on May 25, according to the memorandum dated June 3 which I have before me. Of this number 187 proceeded to Manitoba and 282 to Alberta. Word has been received that all the veterans in Alberta have been placed, and we expect word at any time that all the veterans in Manitoba have been placed also. That gives some idea of the expedition with which we sometimes move.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

HOSPITAL FACILITIES

Mr. BLAIR:

1. Is there a shortage of hospital bed accommodation in Canada at the present time? If so, how long has this shortage been apparent?
2. How many hospital beds for short-term illnesses, convalescent cases and chronically ill are estimated to be required to meet present estimated needs?
3. Can national health insurance be implemented with present hospital facilities?
4. Is there a shortage of nursing, technical and hospital maintenance staff in Canada? If so, how long has this shortage been apparent?
5. How many nurses, technicians, ward-aides and maintenance workers are estimated to be required for present estimated needs?
6. Can national health insurance be implemented with present hospital personnel available?
7. What is the average ratio of patients to doctors in each province and their distribution in rural and urban areas?

Mr. MARTIN:

1. In mental hospitals, tuberculosis sanatoria, hospitals for chronically ill, hospitals for acute diseases and convalescent hospitals there is a definite shortage of beds.

The shortage of beds in mental hospitals, sanatoria, and for chronic and convalescent cases has existed over a period of years, but as regards hospitals for acute diseases the shortage has become acute only since 1940.

2. For hospitals for acute diseases, it is estimated that there is need of an additional 8,000 beds to meet present needs, as calculated on the percentage of bed occupancy in those hospitals which in 1945 was 73·0 per cent.

As there were only ten convalescent hospitals in Canada in 1945 with a bed capacity of 800, and 17 hospitals for the chronically ill with 3,280 beds, there is great need of an increase in the number of hospitals in these two classes in order to release the beds now occupied by these classes of patients in hospitals for acute diseases.

According to hospital authorities beds for convalescent patients should form ten per cent of total beds in public hospitals. On this basis there should be an additional 5,000 beds for use of convalescent patients and 3,000 for the chronically ill.

In 1945 there were 13,614 beds in tuberculosis institutions, and as the minimum standard of beds is based on three beds per death, at least 5,000 more beds are needed to meet present needs throughout Canada.

The number of beds reported for mental hospitals in 1945 was 45,124, while the number of patients in residence on December 31, 1945, was 48,056 (exclusive of patients on parole and in boarding homes, whose number amounted to 4,190). It is estimated that a minimum of 6,000 beds is needed to reduce the present overcrowding in mental hospitals.

Not including private hospitals which had a bed capacity in 1945 of 4,113 beds and dominion hospitals under the departments of national health and welfare, veterans affairs and national defence the total of beds in all other hospitals as on December 31, 1945, was as follows:

	Beds
Acute Diseases Hospitals	58,940
Convalescent Hospitals	800
Chronically Ill	3,280
Tuberculosis	13,614
Mental	45,124
Total	121,758

To meet present requirements the following increases in bed capacity are needed:

	Beds
Acute Diseases Hospitals	8,000
Convalescent Hospitals	5,000
Chronically Ill	3,000
Tuberculosis	5,000
Mental	6,000
Total	27,000

3. Integral parts of the proposals for a comprehensive health insurance programme to be introduced by progressive stages are the planning and organizational grants. These are to enable the provinces to establish staffs to study and report on local requirements in the field of medical services generally. The following paragraphs appear on page 36 of the Proposals of the Government of Canada, August, 1945:

"In the dominion proposals outlined at the dominion-provincial conference in August, 1945, it is recognized that the provision of complete health insurance services would require a considerable extension in hospital facilities throughout the country. Much of

this expansion would be required even for the first stage specified. It is also recognized that this expansion would be desirable quite aside from health insurance in order to provide the proper facilities for treatment and research.

To make a hospital extension programme less burdensome to the provincial governments and to local communities, it is proposed that the federal government should provide loans to the provincial governments entering health insurance agreements, and through provincial governments to municipalities and other organizations, for necessary expansion of hospital facilities, at a rate of interest equal to or only slightly above the cost of such loans to the dominion, and that the interest and amortization would be payable out of the hospital care benefit under the health insurance grant, or out of the tuberculosis grant, or the mental health grant, as the case may be."

4. Yes, increasing since 1940.

5. The latest estimate of the Canadian nurses association, September 1946, is as follows:

Hospital requirements	7,000
Private duty requirements	1,200
Public health requirements	500
Total	8,700

There are no figures available for ward-aides except for Ontario, the estimated requirement there being 178.

Other figures are not available.

6. See answer to question 3. The statement under the heading (a) Planning and Organization Grant on page 31 of the Proposals of the Government of Canada, August, 1945, recognizes the necessity of training additional personnel for the implementation of health insurance.

7. "Survey of Physicians", July 1946, prepared by the Department of National Health and Welfare, gives the following:

Distribution of doctors by provinces

Prince Edward Island	74
Nova Scotia	492
New Brunswick	293
Quebec	3,334
Ontario	4,752
Manitoba	706
Saskatchewan	562
Alberta	676
British Columbia	1,012
Total	11,901

Population per doctor, by provinces

Prince Edward Island	1,243
Nova Scotia	1,262
New Brunswick	1,597
Quebec	1,068
Ontario	843
Manitoba	1,042
Saskatchewan	1,504
Alberta	1,222
British Columbia	938

Ratio of population to doctor:

In cities of 150,000 and up—665 persons per doctor.

In cities of 30,000 to 150,000—669 persons per doctor.

In cities of 10,000 to 30,000—857 persons per doctor.

In communities of 10,000 and under—1,300 persons per doctor.

RADIO BROADCASTING—"POPULAR PLAYHOUSE"

Mr. FRASER:

What was the total cost of each broadcast including leased wires, editing, and all other expenses incidental to the C.B.C. former broadcast play called "Popular Playhouse"?

Mr. McCANN: The total cost of artists' fees and scripts for the twenty-seven plays in this series amounted to $12,639.44 or an average of $468.12 for each programme. There is no wire line cost incidental to this programme.

FOREIGN EXCHANGE CONTROL—REFUNDING OF BOND OR STOCK ISSUES IN U.S. FUNDS

Mr. COCKERAM:

1. What applications have been made since January 1, 1947, to date, to the foreign exchange control board for permission to refund bond or stock issues in United States funds?

2. What was the total amount requested in each case?

3. What applications have been granted giving the amount and date in each case?

Mr. MAYHEW:

1. It is assumed that the information desired is with respect to applications made to the foreign exchange control board for U.S. dollars to redeem bond or stock issues payable solely or optionally in that currency, as well as applications for permission to redeem such issues with the proceeds of refunding issues in the United States. Applications in both of these categories made to the board from January 1, 1947 to May 24, 1947, all of which were approved. were as follows, showing date approved, name of applicant, description of security and amount in U.S. funds:

Jan. 9, 1947

Ogilvy Realty Corporation Limited, 5½ per cent first mortgage bonds due April 1, 1951, $818,500.

Jan. 16, 1947

Algoma Eastern Railways, 5 per cent bonds due March 1, 1961, $2,226,500.

Jan. 24, 1947

City of Montreal, various issues, $78,036,-213.35, of which all but $225,213 was obtained by refunding in the United States.

Feb. 5, 1947

Gurney Foundry Co. Limited, 5½ per cent bonds due May 15, 1949, $170,900.

Feb. 7, 1947

Abitibi Power & Paper Company Ltd., 5 per cent first mortgage bonds due June 1, 1965, $53,093,700.

Feb. 11, 1947

Canadian Utilities Limited, 3¾ per cent bonds due February 1, 1971, $2,500,000.

Mar. 13, 1947

British Columbia Pulp & Paper Co., 6 per cent first mortgage bonds due November 1, 1950, $2,797,000.

March 14, 1947

West Canadian Hydro Electric Corporation Ltd., 6 per cent bonds due July 1, 1950, $1,000,000.

April 9, 1947

London Canadian Investment Corporation, 4½ per cent Series "A" bonds due June 1, 1948, $3,546,500.

April 12, 1947

Montreal Tramways Company, 5 per cent first and refunding mortgage bonds due July 1, 1951, $15,500,000.

April 23, 1947

Calgary Power Co. Ltd., 5 per cent first mortgage bonds due April 1, 1960, $8,171,500.

April 28, 1947

Province of New Brunswick, 3½ per cent debentures due July 1, 1949, $5,000,000, all of which was obtained by refunding in the United States.

May 15, 1947

Albert Bay Company Ltd., 5 per cent first mortgage bonds due August 1, 1950, $272,300.

One additional application was made and approved during May but public notice has not yet been issued by the debtor and it is, therefore, not deemed proper to disclose the particulars.

It should be noted that the amounts stated above are in each case the total amounts of the issues outstanding. Resident owners

[Mr. Mayhew.]

receiving U.S. funds as a result of the redemptions are required to resell such U.S. funds to the board.

2 and 3. See answer to No. 1.

PRAIRIE FARM ASSISTANCE—AUSTIN WELLS

Mr. TOWNLEY-SMITH:

1. Was Austin Wells employed in any capacity under the P.F.A.A. during 1945 or 1946?

2. If so, what amount was paid to him for (a) salary; (b) mileage; (c) other expenses, during 1945, for work done in (i) rural municipality of Parkdale, 498; (ii) other districts?

Mr. GARDINER:

1. Yes.

2. (A) (i) $456.44, (ii) $6.68; (B) (i) $391.57, (ii) $5.31; (C) (i) $68.60, (ii) $3.35.

BEAUHARNOIS CANAL

Mr. McMASTER:

1. What is the present size of the Beauharnois canal, having regard to its width, the depth of water at present flowing through, etc.?

2. What, if any, check is made on the amount of water from time to time diverted from Lake St. Francis through the canal, by the government engineers?

3. What power companies other than the Beauharnois L. H. & P. Company divert water from Lake St. Francis, and what is the amount of water diverted by each?

4. To what extent would the increase of the amount of water diverted for the purpose of developing electric energy, interfere with the future use of the Beauharnois canal for the purpose of navigation?

5. Will an increase over a certain point in the amount of water diverted for the development of electric energy, affect the use of the canal for navigation purposes?

Mr. CHEVRIER:

1. The Beauharnois canal is approximately 15 miles long, 3,200 feet wide at the water line over most of its length and has a depth varying from 27 feet to less than 10 feet. The 600-feet wide navigation channel is excavated to 27 feet over all but about 1 mile of the total length.

2. A statement showing the average daily flow through the power canal is furnished the department once a week by the power company. The average flow is checked by the department's engineer once a month.

3. (i) Provincial Light, Heat & Power Company.—Authorized to divert from the Soulanges canal "all the surplus water flowing through the said canal which may from time to time be available after all the requirements of the canal, whether for navigation, for lighting, for power, or other purposes in connection with the operation or maintenance of the canal have been fully satisfied." The maximum velocity to be set up in the canal

is limited by the terms of the lease to 1·25 miles per hour which limits the diversion of water to approximately 3,400 cubic feet per second; (ii) Montreal Light, Heat & Power Consolidated.—Authorized to divert 75,000 cubic feet per second; (iii) Canadian Light & Power Company.—Authorized to divert through the old Beauharnois canal (the old navigation canal abandoned for that purpose in 1900), "all waters now or hereafter passing through the said canal." The actual diversion is limited to approximately 6,000 cubic feet per second.

Note: The actual amount of water diverted varies from time to time.

4. No interference with the future use of the Beauharnois canal for the purpose of navigation will be caused if the total amount of water diverted for developing electric energy is limited to the inflow into Lake St. Francis, less whatever water is required from time to time for navigation purposes.

5. Answered by No. 4.

NATIONAL DEFENCE—PROPERTIES IN HALIFAX

Mr. ISNOR:

1. Are the following national defence properties located in Point Pleasant park, Halifax, Nova Scotia (a) Fort Ogilvie; (b) Cambridge Battery; (c) Point Pleasant Battery?

2. If so, which of these are obsolete?

3. What steps, if any, have been taken by the government to turn over obsolete national defence properties located in the area known as Point Pleasant park, Halifax, Nova Scotia, to the city of Halifax?

Mr. LAPOINTE:

1. Yes.

2. These properties are no longer required for military purposes.

3. None, disposition of properties now under consideration.

PURCHASE OF PROPERTY ON DUFFERIN AVE., SHERBROOKE, QUE.

Mr. HACKETT:

1. Has the government acquired by lease, purchase or otherwise, the use of a building on Dufferin avenue, Sherbrooke, Quebec?

2. If so, what was the nature of the contract of acquisition?

3. Was it a contract of lease; of purchase, or other, and if a contract of lease, for what term?

4. What was the consideration paid or promised?

5. Was it rental or purchase price, and if rental, at what price per square foot of space?

6. Are the premises being renovated? If so, at what cost and by whom?

7. Who was the owner of the said premises before the contract and who is the owner now?

8. To what use does the government intend to put this building or any part of it?

Mr. FOURNIER (Hull):

1. The Department of Public Works has leased the second, third and fourth floors of building at 8 Dufferin Avenue, Sherbrooke, P.Q.

2, 3 and 4. Premises were leased at a rental of $19,200 per annum for a period of five years from date of occupation, with option to renew for a further period of five years at $18,000 per annum, and on otherwise same terms and conditions. The lessor is to attend to all repairs, pay taxes, water rates, provide heatting, cleaning, janitor service, elevator service and toilet accommodation and the crown is to pay for lighting.

5. The rental is at the rate of $1.60 per square foot per annum.

6. The premises are being remodelled entirely with steel structure, a fourth floor added and an elevator installed at an estimated cost of $90,000 by the lessor at her own expense.

7. The premises were leased from Miss Blanche Belanger, and there is nothing on record in the department to indicate that the building has been sold.

8. Premises are for the accommodation of the department of national revenue (district income tax office).

NOTRE DAME DU NORD, QUE., BRIDGE

Mr. CAOUETTE:

1. Was a contract awarded for the construction of an addition to the bridge at Notre Dame du Nord, county of Pontiac?

2. If so (a) who is the contractor; (b) what is the contract price; (c) when was the work begun?

Mr. FOURNIER (Hull):

1. A contract was awarded for repairs to the concrete bridge piers and abutments of the interprovincial bridge.

2. (a) Intrusion Prepakt Limited.

(b) Estimated cost $45,500.

(c) February 8, 1947.

GEOFFROY, QUE., POSTMASTER

Mr. CAOUETTE:

1. Who is the postmaster at Geoffroy, county of Timiskaming?

2. What is the monthly or annual salary of the said postmaster?

3. What amount was paid each year since his appointment?

Mr. BERTRAND (Laurier):

1. Mrs. Mary Comtois.

2. Remuneration due postmaster for fiscal year 1947-48—$132.07.

3. Nov. 1, 1942, to March 31, 1943, $46.14; April 1, 1943, to March 31, 1944, $111; April 1, 1944, to March 31, 1945, $124.17; April 1, 1945, to March 31, 1946, $143.80; April 1, 1946, to March 31, 1947, $174.93.

PORT OF HALIFAX—RADAR

Mr. ISNOR:

1. Has the Department of Transport, the Department of Defence or any other branch of the government considered the installation of radar as a navigation aid for the port of Halifax?

2. If so (a) under which departments were experiments carried out; (b) where will equipment be located; (c) what is the probable date of permanent installation and operation?

Mr. HOWE:

1. Yes, a radar set was installed by the national research council at the Department of Transport radio direction finding station at Camperdown at the entrance to Halifax harbour in December, 1946.

2. (a) The experiments and tests are being undertaken jointly by the National Research Council and the Department of Transport.

(b) and (c) No definite answers can be given until the tests have been completed and their results evaluated.

LEGAL SERVICES—J. MACLAREN

Mr. STOKES:

1. Did J. MacLaren act as counsel during the case of the crown vs. Beckstead, Jacobson & Griff?

2. If so, what was the total amount paid to him for (a) fees; (b) expenses?

Mr. CHEVRIER:

In so far as the Department of Transport is concerned:

1. Yes.

2. (a) $1,423.50; (b) $401.96.

QUESTIONS PASSED AS ORDERS FOR RETURNS

AIRPORTS

Mr. REID:

1. What airports now in operation in Canada come within the classification of airports "necessary for international and main line services within Canada?"

2. Where are the said airports located?

3. In what authority is the ownership of each of the said airports vested?

4. Under whose authority is each of the said respective airports operated and managed?

5. Have the taxpayers of Halifax, Moncton and Montreal any investment or obligation in the airports serving their respective communities?

6. What is the investment of the taxpayers of the city of Toronto in the Malton airport?

7. What is the amount of the investment of the government of Canada in the said airport?

8. What are the terms of the agreement proposed by the Department of Transport to the city of Toronto?

9. What is the investment of the city of Windsor in the airport serving that city?

10. What is the investment of the dominion government in the said airport?

11. Under what authority is the said Windsor airport operated and managed?

12. What is the investment of the city of Winnipeg in the airport serving that city?

13. What is the investment of the dominion government in the said airport?

14. Under whose authority is the said airport at Winnipeg managed and operated?

15. What are the terms of the agreement under which the said airport is managed?

16. What is the investment of the city of Lethbridge in the airport serving that city?

17. What amount of money has the corporation of Lethbridge invested in the said airport?

18. What amount of money has the dominion government invested in the said airport?

19. Under whose authority is the said airport managed?

20. If managed under the terms of an agreement with the city of Lethbridge, what are the terms of the said agreement?

21. What amount of money has the city of Edmonton invested in the airport serving the city of Edmonton?

22. What amount of money has the dominion government invested in all airports in the vicinity of Edmonton?

23. Under what authority is the airport in Edmonton used by the Trans-Canada Air Lines, operated and managed?

24. What are the terms of the said agreement?

25. What amount of money has the city of Vancouver invested in the Sea Island base used by the Trans-Canada Airways, which serves the city of Vancouver and that of New Westminster?

26. What amount of money has the dominion government invested in the said airport?

27. Under whose management is the said airport being managed and operated?

28. Has the Department of Transport proposed to the city of Vancouver any agreement with regard to the management and operation of the said airport?

29. What are the terms of the said agreement?

30. What is the investment of the city of Victoria in the airport serving that city?

31. What is the amount of money invested by the dominion government in the said airport?

32. Under what authority is the airport managed and operated?

VETERANS' LAND ACT—WESTMORLAND, N.B.

Mr. FRASER:

How many veterans have been settled under the Veterans' Land Act in the federal constituency of Westmorland, New Brunswick, to date, on (a) small holdings; (b) full-time farming; (c) what are the names of these veterans; (d) how many acres comprise each holding?

MOTIONS FOR PAPERS

IMMIGRATION TO CANADA OF POLISH SOLDIERS

Mr. CHURCH:

For a copy of all letters, telegrams, cables, reports and other documents exchanged between the government of Canada or any officers thereof and the government of Great Britain or any officers thereof, the Polish nation or any officers thereof, regarding the admission of Polish soldiers into Canada, to include also correspondence and other documents exchanged with officers of any shipping company or railway or transport company with reference to transport of these soldiers.

Mr. ST. LAURENT: This motion would call for a large volume of routine correspondence in a great many files which I have had assembled, and which also contain some letters marked "confidential" which could not be published. I have arranged with the hon. member to make the files available for examination by him, and he has agreed to drop the motion and to renew it for any of the correspondence in which he may then be interested.

Motion dropped.

ESTABLISHMENT OF NATIONAL PARK IN NEW BRUNSWICK

Mr. STUART (Charlotte):

For a copy of all correspondence, telegrams or agreements, exchanged between the government of Canada, or any department or agency thereof, and the government of the province of New Brunswick, or any department or agency thereof, between January 1, 1945 and May 31, 1947, regarding the establishment of a national park in the province of New Brunswick.

INDIA

REQUEST FOR STATEMENT RESPECTING SELF-GOVERNMENT

On the orders of the day:

Mr. GORDON GRAYDON (Peel): May I ask the Prime Minister if he is in a position to give the house a full statement with respect to the situation in India?

Mr. MACKENZIE: That is a tall order.

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say to my hon. friend that I would hesitate very much even to pretend to be able to make a full statement with respect to the situation in India. I believe it is one of the most critical and delicate situations existing in any part of the world today. However I was asked yesterday by the press if I had any comment to make with respect to the statement of the Prime Minister of the United Kingdom as to what was proposed between the British government and India. I did give the press a statement, and I think perhaps I could not answer my hon. friend's question better than to give the house just what I said at that time. I said this:

> The peoples of India may be assured of the sympathetic understanding and good will of the government and people of Canada in their efforts to achieve self-government.
>
> It is of the utmost importance to the future peace and prosperity of other countries, as well as of India, that this end should be peacefully achieved.
>
> It may be taken for granted that once the Indian people as well as their leaders, have reached agreement on their future political status, they will find Canada generously predisposed towards self-government. The result may be to enlarge the number of states within the British commonwealth.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I think the house should associate itself with that sentiment, which says in effect that Canada would be pleased to do everything she can to welcome into the family of the commonwealth the nation which we hope will now emerge in India.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I should like to ask a question of the Prime Minister or the Secretary of State for External Affairs. An answer was given on Monday with respect to this same matter. I was told by the Secretary of State for External Affairs that we had a representative in India now, and that we would be informed if anything happened. Now we find that everything was consented to by the government of Canada; is that correct? Is the statement made by the minister at page 3708 of *Hansard* a correct statement?—because at that time the minister indicated the government had no knowledge of the matter at all. Surely the government must appreciate that the House of Commons cannot know anything about it unless it is informed.

Mr. MACKENZIE KING: I have no doubt my right hon. friend the Secretary of State for External Affairs (Mr. St. Laurent) may wish to say a word about this. If I understood my friend the hon. member for Broadview correctly he said there had been a statement to the effect that everything that had taken place in respect of developments in India had been consented to by the government of Canada. He wishes to know, as I understood him, whether that is correct and, if so, why the house was not informed. May I reply by saying that our government was kept informed by the government of the United Kingdom with respect to certain negotiations between the government of the United Kingdom and representatives from India. After what has now been made public as the agree-

ment reached between them, our government was asked if we wished to make any comment. It would not be correct to say that we had been consulted during the negotiations because we were not consulted, but we were asked if we wished to make any comment. I have no exception to take to that method of procedure, because I do not think any other method would have been possible in the circumstances.

The reply which I have just given to the house will indicate the attitude which our government took in replying to the government of the United Kingdom as to what Canada's position would likely be in the event of new dominions being formed in India as a result of the negotiations that have been taking place.

Mr. CHURCH: It is going to cause civil war there, because they will not be ready for dominion status for years.

Mr. GRAYDON: May I point out to the Prime Minister that the Canadian Press dispatch says that the Canadian government did approve the changed status in India.

Mr. MACKENZIE KING: I do not know what dispatch my hon. friend has seen or has in mind, but I noticed when I picked up the morning paper that there was a statement to the effect that some high official had said that the government of Canada had been consulted. Speaking to one of my colleagues I drew attention to the fact that the particular word "consulted" had been used. I stated that that was what had repeatedly been said in regard to previous negotiations affecting the relations between different parts of the empire, but that what was really meant was that we had been kept informed of developments and had been asked if there was any comment we wish to make. This, however, was not until after the announcement had been made of the results of earlier negotiations. That to my mind is something different from consultation. As a matter of fact I doubt if it would have been possible for the government of the United Kingdom in making the arrangements with its dependency India to have tried to carry on those negotiations by consultation with the dominions.

[*Later:*]

Mr. MACKENZIE KING: Perhaps the house will allow me to supplement the remarks I made in reply to the hon. member for Broadview. I think it is important that the house should understand exactly what is expected of dominion governments in matters of consultation with the government of the United Kingdom. I find that the Secretary of State for External Affairs answered a question asked on February 10 by the hon. member for Broadview with reference to possible negotiations concerning the Suez canal and Egypt, and the reply brought in the attitude and the relations of governments of the commonwealth in dealing with matters of this kind.

Again on February 24 the hon. member for Broadview asked:

Can the government inform the house of the present situation in India and Palestine?

Other questions were asked. One of the answers made at that time by the Secretary of State for External Affairs was as follows:

The present situation in India was outlined in a statement made on February 20 by the Prime Minister of the United Kingdom. The present situation in Palestine was outlined in a statement made in the United Kingdom parliament on February 18.

Commonwealth governments keep each other informed on matters of foreign policy in accordance with the practice described by Mr. Attlee, Prime Minister of the United Kingdom, in the House of Commons in London, on May 8, 1946, as follows:

Then follows the paragraph which I wish particularly to draw to the attention of hon. members. It is the statement of Mr. Attlee, Prime Minister of the United Kingdom, made in the House of Commons in London on May 8, 1946. He said:

It is our practice and our duty as members of the British commonwealth to keep other members of the commonwealth fully and continuously informed of all matters which we are called upon to decide, but which may affect commonwealth interests. The object is to give them an opportunity of expressing their views in confidence, if they so desire. These views are taken fully into account, but the decision must be ours, and the other governments are not asked, and would not wish, to share the responsibility for it. Dominion governments follow the same practice.

The Secretary of State for External Affairs went on to say:

This practice has been followed with regard to United Kingdom policy in India and Palestine.

I understand that on Monday the same answer was given to the hon. member for Broadview by the Secretary of State for External Affairs to a similar question.

PORK AND BEANS

PERMIT FOR PROCESSING AND PACKING—SHORTAGE OF TIN—TOPPER INDUSTRIES LIMITED

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I should like to direct a question to the Minister of Finance, and I am sorry that

I did not send him notice of it. It arises out of a press dispatch which in my opinion casts considerable reflection upon his own good judgment. I should like him to comment upon this. The press dispatch bears the date line New Glasgow, Nova Scotia, June 3, and it appeared in today's Ottawa *Journal*. It states that the minister had sent a telegram to a branch of the Canadian Legion there to the effect that his department had refused permission to a firm which employs 60 people to go ahead with the processing and packing of pork and beans. This firm was previously packing chickens.

Some hon. MEMBERS: Question.

Mr. SPEAKER: I would remind the hon. member that a question asked on the orders of the day should be to the point.

Mr. GILLIS: I want to ask the minister if this press dispatch has been called to his attention and if it is true that in that telegram he refused a small industry which is particularly needed in the province, an industry which had been put out of business previously, permission to get back into business?

Hon. DOUGLAS ABBOTT (Minister of Finance): A wire was sent to Mr. Fox who is president of the Legion in New Glasgow. A certain concern in New Glasgow, Topper Industries Limited, had obtained a permit to can chicken. They acquired a considerable quantity of seven ounce tin cans for that purpose. As the house knows, tin is in short supply and tin cans are strictly under allocation by the proper agency of the wartime prices and trade board. For one reason or another it was found that it was not commercially feasible to can and sell chicken, and an application was made to the board to use these cans for the purpose of putting up pork and beans. Permits for the canning of pork and beans have been strictly controlled for a number of years because of the shortage of tins and because of the large quantities of dried beans which we have to export to the United Kingdom. Manufacturers who were canning this particular product in 1941 have been held down to 50 per cent of their previous production and so far as I know no new canners have been allowed to go into this particular business. Everybody would like to go into the canning of pork and beans because there is a ready market and they can be easily sold, but there are not sufficient tins to enable that to be done. As I say, there has been considerable control over people putting up this particular product and the wartime prices and trade board has had to refuse constantly applications of this kind.

There was no discrimination in this case. I gave the matter careful personal consideration because I would have liked to have been able to ask to have this permission granted. However, I found that it could not be done after similar permission had been asked elsewhere and been refused. I have written to the gentleman in New Glasgow explaining the circumstances fully. That is the story. There has been no discrimination against this particular industry. I would have liked to see them get permission to do it, but it just could not be done. Incidentally, a seven ounce tin is not suitable for the canning of pork and beans.

Mr. GILLIS: I should like to ask a supplementary question. Is the minister aware of the fact that the press statement states that this company has 400,000 tins on hand as well as the necessary beans and molasses? They claim that permission was refused because they were not doing business in 1941. They claim also that their chicken canning business went out of operation because they were refused an export permit.

Mr. ABBOTT: I have given an explanation. I went into the situation very carefully. I am fully aware of the circumstances, but the same claim could be made by dozens, or probably a hundred other canners throughout Canada. That is the situation. We cannot issue permits for the further canning of pork and beans for the reason I have given.

POSTAL SERVICE

AIR MAIL TO TELEGRAPH CREEK, B.C.

On the orders of the day:

Mr. H. G. ARCHIBALD (Skeena): I should like to ask a question of the Postmaster General of which I have given him notice. It arises from a telegram received this morning from Telegraph Creek, British Columbia. They have not received any of April's mail and no air mail has been received since April 1. Is there any way that the Post Office Department can speed up the delivery of this mail as it is essential to this summer's business?

Hon. ERNEST BERTRAND (Postmaster General): A copy of the question was given to me today in my office. I am making immediate inquiry and will answer later.

MEAT RATIONING

INQUIRY AS TO SUSPENSION FOR JULY 1

On the orders of the day:

Mr. T. B. BARRETT (Norfolk): I would ask the Minister of Finance if he is ready to answer a question I asked a few days ago regarding the suspension of meatless day regulations on July 1.

Hon. DOUGLAS ABBOTT (Minister of Finance): The matter is still being considered. I hope to be able to make a statement in a few days.

Mr. FRASER: Before July 1?

PENITENTIARY ACT

PROVISION FOR APPOINTMENT OF COMMISSIONER

The house resumed from Tuesday, June 3, consideration in committee of Bill No. 177, to amend the Penitentiary Act, 1939—Mr. Ilsley—Mr. Macdonald (Brantford City) in the chair.

On section 1—Definitions.

Mr. JAENICKE: I presume that General Gibson was appointed under the amendment to the act in 1945 and that he is to be the commissioner. Would the minister state the qualifications of the new commissioner already appointed?

Mr. ILSLEY: No commissioner has already been appointed.

Mr. JAENICKE: Was he not appointed under the amendment of 1945?

Mr. ILSLEY: Oh, yes.

Mr. JAENICKE: I think we should know his qualifications.

Mr. ILSLEY: It is difficult to give a complete statement of any person's qualifications. I do not know just what General Gibson's life history has been. He is a barrister and solicitor of the Supreme Court of Ontario. He practised law in Toronto, and he was in the army during the war, where he displayed, so far as my relations with him disclosed, excellent judgment and executive ability. I do not know what to say on the military side, of course, because I would not be qualified to judge, but he is a man who I think impresses everybody with his breadth of outlook and his good judgment. He has a certain humane and liberal type of mind. I cannot say very much more than that. Those who have come in contact with him, the associations of Canadians who are interested in criminology, penal reform and prisoners' aid, seem to think well of him and speak highly of him.

[Mr. E. Bertrand.]

Mr. JAENICKE: Was he engaged in an actual theatre of war or was he retained in Canada in an administrative capacity, and if so, in what capacity?

Mr. ILSLEY: I am unable to answer that question. When I knew him he had a highly responsible position at national defence headquarters, but there again I cannot say what his executive responsibilities were. I came in contact with him from time to time, and I know he had a very responsible position there.

Mr. GREEN: The minister yesterday made a short statement. If he will remember, when the resolution was up for consideration, he promised to make a statement about several different phases of this problem. For example, at page 2683 of *Hansard* he was asked:

> Will the minister give us in some detail what his plan is for improving the penitentiary system?

His answer was:

> I think it would be more appropriate to do that at a later stage.

Again, at page 2686, he was asked about classification, segregation and after care, and in particular about the Borstal system. He said:

> At a later stage I shall be prepared to discuss the Borstal system, and how far it is possible for the dominion government to do anything in the application of that system here in Canada. The whole problem is complicated by the division of responsibility between the federal and provincial governments, but probably it will not be impossible to apply certain features of the Borstal system, even in connection with some federal institutions.

At page 2687 he was asked how far the commissioner would be going in carrying out the recommendations that he had made in his report, and the minister replied that he would have to make a statement on that at a later day. There were also questions about calling a conference of the dominion and the provinces, and about giving aid to the prisoners' aid societies, and the minister said in respect to both these matters that he would make a statement later. Could he deal with these different aspects of the problem today?

Mr. ILSLEY: What I had in mind was doing it on the penitentiary estimates rather than on this bill. This is a simple bill, as I have said. The principle of this bill can be summed up in just a sentence or two. I would prefer to discuss most of those matters fur-

ther with the commissioner after he has been appointed commissioner of penitentiaries. Thus far that is not his position. He has prepared a report which was placed on the table of the house, and in that report it is recommended that in due course the construction of an additional penal institution in the province of Quebec be proceeded with, where the principles of the Borstal system in so far as possible would be applied. The division of constitutional responsibility as I understand it is something like this. Under section 92 of the British North America Act gaols and reformatories in and for the province are under the jurisdiction of the province, and by section 91 penitentiaries are under the jurisdiction of the dominion. If the dominion were to construct and administer an institution which is not a penitentiary it would have to be one which would not come within the words "in and for a province." It would have to be an institution which extended to more than one province. Within these limitations it is thought that it would be possible to undertake the administration and control of reformatory institutions. I take it that these Borstal institutions could be described as reformatories; I do not think that they can properly be described as penitentiaries. Of course the situation is complicated by the fact that simply because the dominion may have the power to administer reformatories, provided the scope of their operation is extended to more than one province, it does not mean that they should do so if they are to duplicate the work of provincial institutions directed to a similar object. Therefore I am sure it would be necessary to work more closely in cooperation with the provinces.

The only institution as to which there is any degree of definiteness about the plans is the one mentioned for French-speaking convicts. I gather from what my hon. friend says that the province of Quebec is making plans for a reformatory institution. If there is a duplication there that is something which would have to be considered between the dominion and the provincial authorities so that we would not be covering the same ground.

With regard to the prisoners' aid societies, General Gibson came to the conclusion, after making a study of plans for after care, that the simple and probably the most practical plan for providing for that care was by financial assistance to prisoners' aid societies. From conversations with him my impression is that they are not far enough advanced; that is, they are not quite in a position to establish that their activities would be effective, that their activities are the kind of activities that we would want to assist them in financially. When I say that the financial plans are indefinite I mean that the matter of finances, as I said before, has to be authorized by the governor in council and by the treasury board; but so far as I am concerned I would be disposed to accept and act on, as a very practical measure of advance, of progress, the report which I secured from General Gibson and which was placed before the house some time ago. Without reflecting upon the Archambault report, I think this report is a more practical one than the scheme for an over-all inclusive centralization and an elaborate organization. The Gibson report is the report that I think we should proceed on for the time being, and I would recommend that we do so.

Mr. GREEN: I notice that by section 1 of this bill there is to be added to section 2 of the Penitentiary Act the words "prison reformatories." I suppose that is because the department have in mind setting up the Borstal system.

Mr. ILSLEY: I think that is based upon the theory that we can deal only with penitentiaries. For the reasons that I have stated it may not be strictly true. It may be that we have jurisdiction also over penal institutions which are not penitentiaries, provided that they are not penal institutions in and for a province. I think this section is based upon the safer ground that we can administer only penitentiaries. This gives the governor in council power to designate certain prisons, prison reformatories and public institutions as penitentiaries.

Mr. GREEN: The minister thinks it would be impossible to establish the Borstal system without some arrangement having been made between the dominion and the provinces?

Mr. ILSLEY: Yes, I am sure that we could do that. Apart from any constitutional power we should do that for the purpose of avoiding duplication.

Mr. GREEN: Will the government be calling such a conference at an early date?

Mr. ILSLEY: I have in mind no plans for such a conference. My recollection is that some such conference is suggested in General Gibson's report, but there is another conference which it seems to me should be held first, namely, a conference of wardens which is recommended in the report. There has been no conference of wardens for a long time. I think it should be held at an early day.

Mr. MACDONNELL (Muskoka-Ontario): I want to make one comment on the point raised by the hon. member for Vancouver South. Like him, I am disappointed that the

minister has decided that more extensive remarks by him should be made when the estimates come up, and I venture to hope that we shall not find that it is hurried or crowded, because I do feel that we want what I might call a full dress speech from the minister on this subject. It is a matter in which a great many people in this country are interested, and a great many should be interested and will be interested if it is given the prominence that it should have.

There is one further comment that I should like to make. I share with the minister the feeling that General Gibson's report was a good one, but I suggest that it was a kind of appendix to the Archambault report, because it really took certain things out of the Archambault report as the immediate objective. I would hope that the result will not be that we accept the Gibson report and shove the other report in the background. I hope when the minister speaks that the people of this country will have from him what I submit we very much want, namely, a statement as to what the real attitude of the government is on this question and how earnestly it intends to press forward with the reform that has been so long recommended.

Mr. ILSLEY: I do not want the house to expect too much from the minister on the estimates, or too much in the way of a blueprint, because the matter will have to be worked out by the commissioner, and I do not want the house to discount what has been done already. The report that we placed on the table in February covers a great many subjects. I think that I am going a considerable distance when I say that I am prepared to support the recommendations in the report. I do not know just how far I am expected to go on the estimates or how detailed I should be. Of course, I understand that the further I can go the better so far as giving information to the house is concerned; but I do not want the house to expect too much.

Mr. MACDONNELL (Muskoka-Ontario): I am not trying to tie the minister to a lot of detail, but I really want a statement from him as to the objectives which he is pursuing. We know that it cannot all be achieved over night.

Mr. MacNICOL: I for one will be tremendously disappointed if the federal authorities cannot introduce in their penitentiaries some programme for the reclamation of what I called yesterday first offenders who are sent to the penitentiary—I am not referring now to persons committed to gaols in the provinces. The minister has not explained to me why the Borstal system canot be put into full operation for the reclamation of those who are sent to Kingston penitentiary for anywhere from two to five years. I cannot understand why it cannot be done. There has been a delay of about eight years in introducing this new programme. If nothing is going to come out of it in the way of reclamation of early prisoners—if first offenders is not the correct name—those who are sentenced to a penitentiary for the first time for two, three or four years, I shall be greatly disappointed. Did I understand the minister to say that such a programme cannot be introduced into the penitentiaries? It might necessitate one penitentiary being selected for that type of criminal. A conference of the provinces is not necessary.

Mr. ILSLEY: I think there are variations of this Borstal system. Some institutions are more restrictive than others. It is for offenders between sixteen and twenty-three years of age who have been convicted two or three times before. That is the type. That is what I read in the Archambault report.

Mr. MacNICOL: That is a long time ago; it is ten years ago.

Mr. ILSLEY: That is not too old. The system was in operation then, and that is the system. I believe first offenders are sent to a different type of reformatory. The hon. gentleman asks whether we can just pick out that class of offenders and, if they are sentenced to a long enough term, treat them in institutions set up for the purpose. After the matter was looked into it was thought that we could make a start on it in the province of Quebec; but if that province is itself setting up a similar type of institution perhaps we shall have to take that fact into account.

Mr. MacNICOL: What I have in mind is the reclamation of a young man. He does not need to be twenty-one, nineteen or eighteen to commit a crime serious enough to be sentenced to a penitentiary for over two years; it may be for three or four years, depending on the offence. What are we going to do in this programme to reclaim these boys; those who have never been in prison before? They are there for the first time, but their crime was sufficiently serious to necessitate their being sent to the penitentiary. They may have been convicted of armed robbery or something of that kind.

Mr. JEAN: I think that is what is proposed to be done by the Gibson report. We propose to start in that way. But first offenders, if they are not sentenced to the penitentiary, are under provincial jurisdiction. In the province of Quebec there are reformatory

institutions for those young offenders. As far as we are concerned here, we contemplate doing something for these young offenders, putting them in some other institution and beginning with the application of the Borstal system.

Mr. MacNICOL: Do I understand from the hon. member that he is referring to some convict who has been sentenced to the penitentiary for more than two years?

Mr. JEAN: Yes.

Mr. MacNICOL: That is under the federal government.

Mr. JEAN: Yes, that is under the federal government.

Mr. MacNICOL: I shall not pursue it further. I myself have visited a number of these prisons. What I suggest to the minister is that a competent official be sent forthwith to England with instructions to make a survey of all the prisons using the Borstal system. There you will find prisoners who are sentenced to more than two years, which are the type that go into our penitentiaries here.

Apart from that, I was going to ask two or three questions under (f). I presume all the instructors mentioned under (f), which include bakers, blacksmiths and so forth, are of the type we have now in our penitentiaries. Have we not all those now in our penitentiaries?

Mr. ILSLEY: Yes.

Mr. MacNICOL: In connection with such employees may I ask the following questions? I am not particular whether I get an answer now or not. I will just read them as they are written out here:

1. What, if any, are the civil service regulations respecting applicants for appointment to the civil service who have criminal records?

2. If there are no such regulations, are such applicants accorded the same rights as others?

3. Are applicants required to disclose whether they have criminal records; if so, for what purpose?

4. What is the policy and practice in this respect in relation to government positions outside the Civil Service Act?

After all, somebody has to give jobs to those who are released from prison. I myself have spent many hours trying to find jobs for men who have been let out of different types of penal institutions. If they cannot get a job and an opportunity to earn their living, they will go back to what they were into before, or worse. I have obtained many positions for men of that type, and the vast majority of them have made good.

I have asked four questions, but they do not need to be answered now.

Mr. ILSLEY: I am not in a position to answer those questions. I do not know what the rules of the civil service commission are.

Mr. MacNICOL: An answer at some future time will suit me just as well.

Mr. IRVINE: I have no doubt the Department of Justice is sincere in trying to improve our penal system. The whole question is whether the legislation now before us is going to effect any important improvement. I think the question asked by the hon. member for Kindersley requires a little more attention than the minister gave to it. It is not a question of the qualifications of General Gibson. I doubt whether any individual could possess all the qualifications required for the performance of the duties he will have to perform. No doubt he is a competent executive. No doubt he is an honest and able man. But he is not likely to be a psychiatrist, and he is not likely to be a philosopher. He is not likely to know a great deal about the social background from which crime emerges, and would not be in a position to make decisions either with respect to general policy or with respect to individuals who may come under his attention. I think it is important that there should be a commission rather than an individual, so that we may have represented on that commission all these important sciences and the whole question may be considered in its fullest scope. I think that is, in the main, what this legislation lacks. Has the minister given his last word with regard to enlarging that commission?

Mr. ILSLEY: Yes. That matter has been fully considered, both by myself and by the government, and we decided that this was the most efficient way in which to set the commission up.

Mr. JAENICKE: I understood the minister to contend that if a man is convicted and sentenced to less than two years, even under the criminal code, he must be sent to the provincial prison.

Mr. ILSLEY: That is right.

Mr. JAENICKE: Surely we could establish our own prisons to which persons could be committed who had been found guilty of violations of the criminal code or some other federal law. I know we do not wish to duplicate these prisons, but as far as the constitu-

tional question is concerned, surely we could establish our own prisons for these people who are convicted under federal law. Is that not the true situation?

Mr. ILSLEY: We could take the two year rule out? Is that what the hon. member means?

Mr. JAENICKE: Yes.

Mr. ILSLEY: That if we wanted to we could amend the criminal code?

Mr. JAENICKE: Yes.

Mr. ILSLEY: We could do that.

Section agreed to.

On section 2—Commissioner.

Mr. McKAY: As I understand it this section amends the Penitentiary Act, 1939, to provide for the appointment of a commissioner of penitentiaries and two deputy commissioners, who are to perform such duties as are assigned to them by the commissioner. In other words the commissioner is to be in complete charge of our penal institutions and the deputies, if I read the act correctly, are to be responsible to the commissioner and not to parliament. This change in the act of 1939 fails to follow the recommendations of the Archambault royal commission, which suggested that a commission be set up in Canada similar to that which operates in Great Britain. There the prison commission is composed of a chairman and two commissioners, one of whom is an administrator while the other is a medical expert. Each member in turn is responsible to the British parliament for the work of his department, and is not responsible to the chairman of the commission. This section of our act leaves the responsibility of operating our penal system in the hands of one man. It is indeed a very heavy responsibility. At page 342 of the report of the royal commission to investigate the penal system of Canada I note the following comment:

> In our present system the problem of penal administration is too large in scope and too serious in results to be left in the hands of one man.

The report made by that commission is considered by penologists to be an excellent piece of work. I am no authority on the subject, but I have read what others have said. These men were experts in their own fields. They must have been qualified or the government would not have appointed them in the first place. Their report was based on experience and information obtained by visiting penal institutions not only in Canada but other countries as well. This amendment is based on the report of one man; that is, the present commissioner of penitentiaries.

Mr. ILSLEY: No, he did not recommend that the board be reduced to one man.

Mr. McKAY: That may be so, Mr. Chairman, but the fact remains that the Archambault commission did recommend that the penitentiary commission be set up on the lines of the commission in Great Britain. In view of that fact I feel that an attempt is being made here, as it has been made throughout this whole bill, to sidetrack the recommendations of the Archambault commission; and I feel that any amendment to the Penitentiary Act should be in keeping with the recommendations of that commission, because I believe these men made a thorough study of the situation and spent a good deal of time on that study. I cannot conceive of one man devoting such a short time to the study of penal institutions and submitting to the minister a report which would be accepted so readily, unless there is some reason for it; and I suggest the reason is that the recommendations of the Archambault royal commission did not meet with the approval of the government. Therefore I must register my protest against this contemplated change, and I shall certainly vote against it.

Mr. KIDD: I should like to direct attention to subsection 4, which provides that the commissioner and the deputy commissioners shall be paid such salaries as are approved by the governor in council. I am not so much interested in the salaries of the heads of the branch, and then working down; I would like to start at the bottom and work up. I have in mind the junior officials of the penitentiary branch. I hold in my hand a copy of the Gibson report, in which at page 9 I find this statement:

> As a result of increases granted by the government in 1945 and the recent incorporation of the cost of living bonus in the permanent salaries of the lower brackets, the pay of prison guards now has a range of $1,704-$2,004 per annum.

Then listen to this:

> There has not, however, been a proportionate increase in the middle and higher ranges of salaries of penitentiary employees, and in your commissioner's opinion a revision of salary rates is necessary to extend to these groups a similar proportionate increase and to provide a rate of remuneration that will attract to and retain in the service the necessary qualified senior officers, professional personnel and trade instructors required for the efficient administration of the penitentiaries and the carrying out of the reforms contemplated by the royal commission's report. This recommendation has already been submitted for consideration in con-

nection with the survey of salaries in the government service now being carried out by officials of the treasury board.

Can the right hon. gentleman inform the committee whether those recommendations have been put into effect?

Mr. ILSLEY: I think they have, but I am not sure. The salary scale now is as follows. An officer entering the penitentiary service as a guard now receives an initial salary of $1,740 per annum, rising by annual increases to $2,040, as compared with a range of $1,200 to $1,500 prior to 1945. Provision has been made for a higher grade of guard, representing twenty per cent of the total, who may receive salaries up to $2,280 per annum. A corresponding increase for all grades of the service has been authorized. For example, keepers now range from $2,220 to $2,580; chief keepers from $2,700 to $3,300; instructors from $2,100 to $2,580; chief trade instructors from $2,700 to $3,300; deputy wardens from $3,600 to $4,500, and wardens from $4,800 to $6,000. These new rates came into effect from January 1, 1947.

Mr. KIDD: What date was that put into effect?

Mr. ILSLEY: They came into effect as from January 1, 1947, and they were put into effect by order in council P.C. 66/1050 of March 22, 1947.

Mr. TUSTIN: Has there been any change in the hours of labour of these guards? They used to be on two shifts, and I wondered if that had been changed to three shifts.

Mr. ILSLEY: I shall have to get that information for the hon. gentleman and give it to him on the penitentiary estimates.

Section agreed to.

On section 3—Application of Civil Service Act.

Mr. MacNICOL: I want to congratulate the minister on the fact that subsection (1) of section 13 provides that the provisions of the Civil Service Act shall apply to all officers, clerks and employees on the staff of the commission. Of late all our acts have not given the civil service commission the right to make the lower appointments.

Mr. ILSLEY: To be fair I think the congratulations are due my predecessor, because that was a provision of the act formerly.

Mr. MACDONNELL (Muskoka-Ontario): I observe that there is a definite difference between subsection (1) and subsection (2) of section 13. They read:

> . . . the provisions of the Civil Service Act shall apply to all officers, clerks and employees on the staff of the commissioner.
>
> (2) The provisions of the Civil Service Superannuation Act shall apply to the commissioner, deputy commissioner, assistant commissioners and all officers, clerks and employees employed in the penitentiaries.

In one instance the act applies only to the staff of the commissioner, whereas in the other instance the superannuation act applies to everyone connected with the matter.

Mr. ILSLEY: That is right.

Section agreed to.

Sections 4, 5 and 6 agreed to.

On section 7—Transfer of convicts to reformatory.

Mr. MacNICOL: What is the significance of this section?

Mr. ILSLEY: There is nothing new in it. I would have to look into the Penitentiary Act to give a full answer. This amendment simply substitutes the word "commissioner" for "commissioners".

Section agreed to.

Sections 8, 9 and 10 agreed to.

Bill reported, read the third time and passed, on division.

JUDGES ACT

ASSOCIATE CHIEF JUSTICE, PROVINCE OF QUEBEC—ADDITIONAL JUDGE IN BRITISH COLUMBIA

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 to amend the Judges Act, 1946, to change the title of the Superior Court judge in and for the province of Quebec, who is appointed to perform the duties of the Chief Justice in the district as constituted for the Court of King's Bench sitting in appeal within which the chief justice does not reside, Montreal or Quebec, as the case may be, to "The Associate Chief Justice"; and to provide a salary for an additional judge of the Supreme Court of British Columbia.

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

Mr. ILSLEY: Mr. Chairman, some members have asked for an explanation. The first part of the resolution is rendered necessary by a recent change in the statutes of Quebec which provides for the appointment of an associate chief justice in that province. Until that amendment was passed by the Quebec legislature in 1946 there was an acting chief justice

in that province. Now the acting chief justice is to be known as the associate chief justice.

There are two districts, the Quebec district and the Montreal district. If the chief justice resides in one district, the acting chief justice is appointed to reside in the other district. Under this provision the acting chief justice is to be called the associate chief justice. There is no difference in the pay he is to receive under this legislation, beyond that which he received before. This measure simply makes our legislation conform with that in Quebec.

The second part of the resolution is to provide the salary for an additional supreme court judge in British Columbia. Strong representations have been made that another judge is required in that province. While these representations are made often, and are not confined to British Columbia, and while I hope every minister of justice will be hard to convince when he receives these representations, I have been convinced that an additional judge is badly needed in British Columbia.

Mr. JAENICKE: Is this judge in British Columbia to be a judge of the trial division?

Mr. ILSLEY: Yes.

Mr. JAENICKE: How many judges have they there now?

Mr. ILSLEY: I was under the impression that there were five, and that this would make six; but the hon. member for Vancouver South informs me they have six, and this will make seven.

Mr. JAENICKE: Are there any British Columbia judges engaged on commissions or boards at the present time?

Mr. ILSLEY: I am sure there are no trial judges so engaged, and I do not think any appeal judges are either.

Mr. GREEN: Has this been asked for by British Columbia?

Mr. ILSLEY: Yes, it has been urged by the chief justice and the attorney general of the province. Upon inquiry, the need has been confirmed. I may say it is common for provinces to ask for enlargements of their courts. The moneys are provided by the dominion parliament. I am not saying that that is a relevant factor; but if there is much demand for an additional judge it is fairly easy to request the dominion government to appoint another one. That is why I say that in a great many cases the demand for enlargement of provincial courts is resisted.

This is not the only place where additional judges are asked for. But I have come to the conclusion, rightly or wrongly, that this is the only place where there should be an enlargement of the court—at least during the present session.

Mr. GREEN: I think the legislature passed an amendment to the Supreme Court Act providing for an additional judge. There has been a tremendous growth in the population of the province.

Mr. McKAY: Have any other provinces a similar position of associate chief justice?

Mr. ILSLEY: I do not know of any.

Mr. NICHOLSON: Rightly or wrongly, the general public are of the opinion that at present judges are able to attend to their duties without any great strain upon their health. In Saskatchewan, for example, Mr. Justice Davis has been absent for a great length of time. Can the minister satisfy the committee that the situation in British Columbia is such that there is a reasonable demand from the members of the bench that additional personnel should be provided?

Mr. ILSLEY: It is difficult to settle the question whether there is real need for another judge, but in the case of British Columbia I have had letter after letter from the chief justice of the trial division and I have a considerable volume of correspondence with the attorney general. It would only tire the committee if I put all the facts on the record that have been put forward in support of this request. There is no objective test that you can apply to determine whether there is a need. The proportion of judges to the population or the proportion of judges to the members of the bar and so on is not a correct test to apply. A certain proportion may be proper for one province and not proper for another. There is really nothing you can do except to inquire and find out whether they really need one. In this case we have an abundance of material which I can show to my hon. friend if he would like to see it. It consists of long lists of cases, information as to when they will be reached and what will have to be done if they are to keep within a mile of transacting the necessary business. Rightly or wrongly, I have been convinced that one is really needed in British Columbia.

Mr. IRVINE: In view of the immigration from Saskatchewan and other provinces to British Columbia I have no doubt that we do need one or two more trial judges to look after the extra business. One way of arriving

at the need would be to give us some idea of the number of trials which each judge conducts each term, how long each trial lasted, and so on. I wonder where the new judge will reside. Will it be in Cariboo, for example? We ought to have a new judge up there, because it is a long way from Victoria or Vancouver and there is a tremendous country to cover.

Mr. ILSLEY: He will probably reside in Vancouver or Victoria and then go out on circuit. Speaking for my own province, I know that is the system. No matter from what part of the province the judge may be appointed, he resides in Halifax and then goes out through the province.

Mr. CRUICKSHANK: Will the minister consider appointing the hon. member for Vancouver South?—because that would be a good way to get rid of him.

Mr. CHURCH: The minister has not been very long in the department but I should like to call his attention to a great injustice that exists in Ontario as compared with our very fine sister province with regard to judges' titles, style of work done, volume of work done and so on. The senior judge of the county of York, His Honour Judge Parker, has seven or eight judges under him. He is doing the same type of high court work as the judges in Quebec and Montreal district are doing, but there is a difference in the title and the salaries paid. I should like the minister to see if something cannot be done about Judge Parker. He is handling a volume of work which is similar to that done in the Montreal district where the judges have higher title and salary, as well as other emoluments. I ask the minister to consider my observations and see what can be done. Judge Parker was a very fine lawyer and he has given excellent satisfaction. Other hon. members know all about his work and comparisons are made in the bar association about it.

Mr. ILSLEY: The hon. gentleman is talking about county court judges in Ontario. I shall look at his remarks tomorrow in *Hansard* and if I think they make a prima facie case for an inquiry to somebody, of course I shall be glad to make it.

Mr. CHURCH: There are anomalies there that should be looked into and corrected.

Mr. HACKETT: I should like to discuss two matters which are raised by the resolution. Perhaps the minister will let me ask a question which will dispose of the first. Is the change which is suggested for the superior court judge for the appellate districts of Montreal and Quebec, who performs the functions of the chief justice in the appellate district in which the chief justice does not reside, being made in accordance with the wishes of the Quebec provincial authorities?

Mr. ILSLEY: The legislature passed legislation providing for the appointment of an associate chief justice. Previous to the legislation the provision was for the appointment of a judge to perform the duties of the chief justice, and I think he was called the acting chief justice. Hereafter he will be called the associate chief justice. Our amendment will provide for his compensation in such a way as to conform with provincial legislation.

Mr. HACKETT: It is merely to provide for the payment of salary to the judge who is described in the amendment.

Mr. ILSLEY: That is true.

Mr. HACKETT: I shall discuss another aspect of the resolution, and I hope that the minister will not think, because I have been unable to agree with what has been the policy of the government in the use to which judges have been put, that I wish in any way to make a political issue of this question. I am a lawyer and have spent my life in the courts; I am interested both as an active practitioner and as a citizen in maintaining by all possible means the integrity of the courts and the high level of justice which prevails in this country. To do that, it is necessary, not only that substantial justice be rendered by the courts, but that the people as a whole have confidence in the judges.

The resolution provides for the appointment of another judge in British Columbia. I am desirous that there should be at all times a number of judges adequate to the proper administration of justice. As hon. members know, I have always believed that judges should be well paid, because the type of man secured and his qualifications for the office depend to an extent upon the emolument which attaches to the office. It will always be possible to find men who will accept judicial office, regardless of whether the salary be low or high, but I believe that able men, men of knowledge, men of experience, and men of wisdom will be attracted to the position only if it carries with it adequate remuneration. In Britain, where for centuries the courts have dispensed even and impartial justice in a way which is the envy of all civilized peoples, the remuneration of the judges has always been high. In 1800 or shortly after, ordinary high court judges received £5,000 a year in Britain, with-

out taking into consideration any of the incidental emoluments of office, and in those days there was no income tax. I merely point that out to show that, in the land where justice is dispensed in a way that all peoples admire, judges have been well paid and for that reason I was happy some months ago to support legislation to increase the salaries of the judges.

Turning to British Columbia we must be guided, I suppose, by the information which the minister has as to the necessity of appointing an additional judge for that province. I wish, however, that the minister could assure the committee that this judge and the judges in the other provinces are required for work that is strictly judicial. In my opinion the tendency of the last few years has been to use judges for the solution of problems which are not, in their nature, judicial but highly political, and in my view that has tended to lessen the respect and confidence of the people at large in the judiciary. That is a great misfortune, and if I have found it necessary to express these views more than once in the house it is because of my intimate knowledge of the situation and because of my conviction of the degrading tendency that this practice has upon the good repute of the individual judge and of the bench of which he forms part. My remarks have as their sole object to preclude any further use of judges as part of committees or commissions dealing with other than legal problems, because the rule of law depends largely for its efficacy upon the respect and confidence which the people repose in the bench.

To be altogether objective, I must refer to what is called the spy case. Two judges of our highest court, the Supreme Court of Canada, were asked to act as commissioners. Their appointment denatured them as judges. They ceased to exercise judicial functions. They were put at tasks which were not judicial. I think the minister is familiar with what is known as the O'Connor case. O'Connor when acting as a commissioner did something which was reprehensible and I believe that the highest tribunal, the privy council, found that in that instance he was acting as a *persona designata*. Certain immunities went with the task, but it goes to show that there is a distinction between the role of the judge and the role of the man who acts, as these two gentlemen did; when they presided over the spy investigation. We have heard these men criticized; and again I say that I do not wish to be critical of the government in that particular instance. We were just emerging from a war; we were not accustomed to spies in this country. More is known of them in older and more developed countries. The government appointed these two men to that task. I do not blame them. They accepted what they undoubtedly conceived to be a call to duty; nevertheless the fact is that two judges of our highest court have been criticized bitterly. They have not been criticized by irresponsible people; they have been criticized by the press of the country; they have been criticized from the pulpits of the country and—I do not know whether the minister is aware of it—they have been criticized from the bench of the country, from the appeal benches of at least two provinces.

It is extremely unfortunate that a condition should be created in which men who hold such important positions, whose impartiality and integrity must at all times be beyond reproach, should be so criticized. It is because of the practice of setting them tasks which are not judicial that this criticism has come about, and the result has been, and must necessarily be, a loss of dignity, loss of confidence, loss of respect by the individuals themselves as well as by the bench of which they form a part.

Let us suppose that one of the men or women was found—I do not know that I should say guilty, but as a result of the finding of these two judges, was prosecuted and was later found guilty—and the case went, as many of them have, to an appellate tribunal, and there was a further appeal to the supreme court. There is an appeal to the supreme court, but it is a limited one. I ask, hon. gentlemen, what would be the feeling of a person so accused finding himself before the supreme court? I am certain that neither of these honourable judges would sit upon the case. Nevertheless their brethren, those who labour with them and who have respect for their feelings, for their integrity and for their wisdom, would be called upon to determine a case on which two of their brother judges had already pronounced themselves. To admit this possibility establishes that the practice is indefensible.

A few days ago when the hon. member for Winnipeg North was making some comment, which I thought was most unfortunate, on the conduct of these gentlemen I had something to say on this topic. An attempt was made to stop the hon. gentleman because he was exceeding his privileges as a member of parliament. I besought the hon. gentleman to desist from further criticism, but I was forced to argue that he had the right to say what he was saying, and I doubt whether any Speaker could, after consideration, hold otherwise. Nevertheless a few days afterwards another gifted and able member of the supreme court was appointed to a committee

whose task is the hearing and the determination of one of the most highly political questions that has tortured this country in the last century. I yield to no one in my respect of Mr. Justice Rand, but I consider it a tragedy that he should be lifted out of his judicial office and asked to participate in an investigation and settlement of a political question. Whatever the decision, he cannot return to his judicial function without some people believing, and unfortunately some people saying that he has been influenced by this or that motive, that he has sided with this or that political faction. It is not fitting such sentiment or words should be provoked by a judge.

In Canada we have not many institutions that have not been shaken by the events of the last few years. Our civilization, like all civilizations, rests on great institutions: the Christian home, the school, the church and the law, and they have all been very much manhandled in the last few years. The result is that civilization has crumbled in many parts of Europe and in many parts of the world. Even if we did nothing more than expose one of these fundamental institutions to weakness by the appointment of members of the judiciary to duties which are beyond their scopes, it seems to me that the hazard is too great to be taken by a responsible government. It is clear that the hon. gentlemen who have appointed judges to these tasks do not share my view. Can it be that their present occupations are so manifold, that they are so remote from the common touch that they do not appreciate to what extent this great institution of the law is jeopardized and imperilled by the action which has become the habit in the last few years?

I have said previously that other governments have appointed judges to perform tasks of this kind. I thought it reprehensible then. The courts did not benefit by it, and a number of judges still suffer as a result of services which they rendered off the bench.

I am going to appeal again to the Minister of Justice, with whom I cannot always agree but for whom I have immeasurable respect, to consider most carefully the result of discrediting the judiciary. We cannot afford to do it at this time. The rule of law has never been so seriously challenged as it is today. If we cannot, here in Canada, maintain the fullest confidence in our judiciary, we are heading for unnecessary evils. We have all kinds of difficulties. I know the government has to meet as many complicated and seemingly insoluble problems as any government that has ever occupied the treasury benches. While it is the function of the opposition to criticize and endeavour to improve administration, this is a matter which really transcends politics. I ask the government to desist from this practice. We have labour troubles, financial difficulties, and problems of great variety. I cannot help feeling that the appointment of judges to solve all these problems does not rest solely on the fact that all the able men in Canada are on the bench. I cannot believe that. But I do believe that the great reputation of the judiciary—the confidence the public has in its members—has prompted the government at times to shield itself from criticism by naming a judge to such a commission.

Again I say to the Minister of Justice that I have not heard many judges approve this practice; I have not heard many lawyers approve it and I have not heard many people who understood it thoroughly approve it. If another judge in British Columbia be required for the purpose of administering justice, let him be appointed; but let us keep him within the ambit of his judicial function, and let us terminate once and for all the submission to members of the judiciary of questions which are not legal and which do not come within the proper performance of their duties.

Mr. MacINNIS: I was going to say a word with regard to the appointment of the additional judge in British Columbia, but I think the hon. member for Cariboo has said pretty much what I would have said, namely, that the only criterion which can apply as to whether there are sufficient judges is the amount of court work that is behind schedule, as we might say. If cases are being held for a long time without coming to trial, or if judges are overworked in the matter of trials, then, of course, a case could be made out for the appointment of an additional judge. However, the decision to appoint one has been made by the present Minister of Justice, and I do not know of anyone less likely to give way to pressure than the right hon. gentleman. I have come to that conclusion from watching him resist pressure in this house over a long period of time. Therefore I have no misgivings on that point.

I know it is presumptuous on my part to say anything in regard to the matter referred to by the hon. member for Stanstead, but I think it would be a retrograde step for the

government to take if it were to decide that members of the judiciary should not function as commissioners in certain instances.

Mr. MACKENZIE: Hear, hear. They have done it in Britain for hundreds of years.

Mr. HACKETT: That is where you are wrong.

Mr. MACKENZIE: No, I am not wrong. I can prove that you are wrong about that.

Mr. MACDONNELL (Muskoka-Ontario): Jacob and Esau.

The DEPUTY CHAIRMAN: Order.

Mr. MacINNIS: Whether a mistake was made in appointing judges in the espionage investigations is open to question, and I am not expressing any opinion in regard to it. It is a case of a kind which I think has never before arisen in this country. From my association with the labour movement over a long period of time, I believe that organized labour has, in general, more confidence in a judge as chairman of a board than it would have in any person from almost any other walk of life. Generally speaking, I think the judges have, in the discharge of these special duties, given satisfaction and have done so without affecting their position as judges. I am afraid that the point of view expressed by the hon. member for Stanstead—who is, I may tell him, a man for whom I have the greatest respect—is old-fashioned. I do not think it is wise today to keep the judiciary separate from what we might call the hurly-burly of everyday life because they are not just dispensing law; they are dispensing justice. It may be justice according to the law, but I think it should be justice as far as they can go, even if they went beyond the law. However I imagine that is not good law.

Mr. WEIR: It is common sense.

Mr. MacINNIS: If you keep the judges apart from the ordinary, everyday interests and trials of the people, how are they to acquire the understanding to make just decisions in the cases which come before them? Judges I believe, follow precedents in cases which have gone before, no matter whether those decisions were right or wrong. I do not think that is good enough. I think it would be a great mistake if this government took any action which would prevent judges from acting on commissions where their position carries weight. I think that is so for the very reasons advanced by the hon. member for Stanstead. When they are appointed to the bench judges are given a reasonable standard of living; they are given security; they are given a standing in the community, and it is a lifetime appointment. Consequently, when a judge is made chairman of a commission, or a commissioner, he can act without any hope of reward from the outside or any fear of punishment from the inside. So I think we should consider carefully before we change that situation.

Mr. HERRIDGE: I wish to make a few comments on this resolution. First, I want to say I am pleased that provision is being made for the appointment of another judge in British Columbia. I remember that this matter came up when I was in the provincial house, and some three or four years ago the former attorney general told me of the great need for another judge in that province. I think anyone who has followed the work of the courts there is aware of the need for another judge in British Columbia; and in this case, as the hon. member for Vancouver East suggested, I think the Minister of Justice resisted pressure for a considerable time.

I was very much interested in the remarks made by the hon. member for Stanstead as to the use of members of the judiciary on arbitrations and so on. To some extent I agree with the spirit of his remarks; I can see the point in some of his arguments, but I do not believe you can make a fixed, general rule in these matters. Over a period of years I have had occasion to act on behalf of labour on several quite important arbitration boards in British Columbia, in connection with shipyards and so on, which dealt with difficult and, at times, trying situations. In that case I may say I went straight from the farm to represent labour, without any former experience in that regard. All hon. members know, when arbitration boards are appointed the representative of the employers and the representative of the employees are supposed to meet and agree on a chairman; otherwise I understand the chairman is appointed by the Minister of Labour. In the first place, of course it is necessary to have someone who has some knowledge of the rules of evidence, someone who can be of assistance to laymen in directing the work of the inquiry. I was quite surprised to find that in each case with which I was directly connected organized labour expressed great satisfaction over being able to secure a judge as chairman of the tribunal. I remember one board on which I served; I think the hon. member for Vancouver Centre will remember the shipyards case, with which it dealt. We agreed on one of the judges, who was appointed chairman. Those negotiations went on over a period of three months, under conditions which at times were difficult and trying. I was inter-

ested to note that at first many of the representatives of labour and members of unions were inclined to look upon the representative of the judiciary as someone apart, someone possibly not quite human. But as the arbitration went on I saw that they became impressed with his fairness, and their confidence in the impartial attitude of the judiciary was greatly increased.

So in my view, far from the appointment of judges to boards of arbitration and things of that kind lowering their position or lessening the respect felt by people generally for the judiciary, my experience has been that, during recent times by these rather unusual contacts with the judiciary, such appointments have brought about increased respect for members of the bench on the part of representatives of labour and others throughout this country. Many of the men engaged in these investigations were not Conservative, to say the least, in their politics, but they expressed to me their confidence in and appreciation of the work done by these gentlemen. So, while I am sure none of us would wish to see members of the judiciary used for these purposes too extensively, I am also sure that under certain conditions in this country it is necessary and to the advantage of the parties concerned and the community at large that the services of these gentlemen be made available. To that extent I believe it would heighten respect throughout this country for the members of the judiciary.

Mr. CHURCH: I wish to speak on the amendment to the Judges Act, 1946, which provides for the appointment of an additional judge in British Columbia. Under the British North America Act, the provinces have responsibility for the organization of these courts. The year before last Ontario had two additional judges appointed. In my opinion the Judges Act should be revised and brought up to date. It was first passed a very long time ago and, with the exception of minor changes, has not been revised since about the time the Supreme Court Act was passed in 1875.

I want to point out that the work of the provincial courts has been greatly increased, largely as a result of legislation passed by this parliament. For example, there is the matter of divorce. Immediately that act was passed Ontario applied for two or three more high court judges, and their salaries have to be paid by the dominion government. Some of the judges have been sick; others have been away on commissions. When Saskatchewan applied for an additional judge we found that one of those already appointed had been away on commissions practically all his time. Some change should be made in that regard.

Then all the judges appointed under this act are governed by the doctrine of *stare decisis*, which means by decisions of the privy council or court of last resort; but in one province they have not followed that law. There will always be a privy council, notwithstanding the bill introduced here the other day, because that legislation binds only the dominion. It does not bind the provinces, which can give the right to appeal direct to the king as a matter of grace. These privy council appeals are by statute or by grace, and the subject has always had the right to appeal to the throne as a matter of grace. That, of course, is not to the judicial committee of the privy council, which is delegated by the sovereign to hear such appeals.

Great care should be exercised in connection with these matters. In the United States they are having the same trouble. In that country, once you are sworn in as a lawyer you are immediately called "judge." You may not be a judge today, but probably you will be one tomorrow, so down there everyone who is a lawyer is called a judge. I would like the minister, in considering judicial appointments, not to make them from a purely political point of view. Sir John A. Macdonald often appointed people from the other side, and he made some very good appointments. It is difficult to get some of the judges who are appointed to carry on the work. We have twelve high court judges on circuit in Ontario, some of whom have not been out on circuit as much as others or are sick or at times on commissions. As a result, the work devolves on a few of the more experienced judges, so I suggest to the minister that great care should be exercised in these appointments. I do not believe it would be necessary to have these additional judges if the Judges Act were brought up to date and consolidated, which I hope may be done in the recess and divorces transferred. I believe divorce cases could be handled by the county court judges with better results, since they meet more frequently, and that would take a great deal of the work away from our high court judges and prevent congestion of cases. I believe the minister should consider these suggestions, because he has been most appreciative of any suggestions made.

Mr. ILSLEY: There was some confusion a while ago about the present number of supreme court judges in British Columbia. I said there were five, and the number was being increased to six. The hon. member for Vancouver

South said there were six. In a sense we were both right. I find there are five judges and a chief justice at the present time. After this amendment, we shall have to make provision for paying six puisne judges and the chief justice.

Mr. KNOWLES: I should like to ask a question respecting judges in the category of those mentioned in the resolution. My question has to do with the matter of fixing for them a retirement age. This matter has been discussed in the house on a number of occasions. In fact I had a bill on the order paper during a number of sessions in an effort to focus attention on the matter.

I understand there are arrangements for the retirement of judges of the Supreme Court of Canada and of the exchequer court, and also for the retirement of judges in the lower courts. But in this middle bracket of provincial superior court judges there are no such arrangements. The minister's predecessor expressed interest in having something done about this matter at the earliest possible day.

My concern is not that judges get munificent pensions, but rather that men shall not stay on the bench to too advanced ages. I would appreciate it if the minister would indicate whether consideration is now being given to this matter.

Mr. MACKENZIE: I rise to a question of privilege. I made a statement in committee a few minutes ago when the hon. member for Stanstead was speaking as to the practice in England. I find in this book about ten instances where most eminent lord justices in England were chairmen of commissions. So I wish to state that I was correct in my earlier statement.

Mr. CASSELMAN: What is the name of the book?

Mr. MACKENZIE: "Royal Commissions of Inquiry."

Mr. KNOWLES: Will the minister answer my question as to whether the consideration his predecessor was to give with respect to the retirement of judges will be continued by him?

Mr. ILSLEY: I am in the embarrassing position of having to say that I cannot inform the hon. member respecting the state of the law in that particular. However I have always understood that parliament did not have the power to retire judges of the high courts and superior courts of the provinces at any particular age. It is my understanding that such a change would require an amendment to the British North America Act. However I cannot substantiate what I say by offering any argument this afternoon. My understanding is, however, that because of the attitude of certain provinces it was virtually hopeless to get any such amendment.

Mr. KNOWLES: When the matter was discussed at the time the minister's predecessor was in office, reference was made to section 100 of the British North America Act. The previous minister raised the same question, but he thought there was a possibility of doing what was suggested, and indicated that he was prepared to discuss the matter with the provinces.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 262, to amend the Judges Act, 1946.

EXCHEQUER COURT ACT

AUTHORIZATION OF PAYMENT OF SALARY TO REGISTRAR

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 bill to amend the Exchequer Court Act to authorize the payment of a salary to the registrar of the court not exceeding six thousand five hundred dollars as the governor in council may fix.

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

Mr. ILSLEY: The Exchequer Court Act provides that the registrar of that court shall receive a salary of $5,000. The purpose of the resolution is to provide for the payment of a higher salary of not more than $6,500. It is the view of the government that, at $5,000, the pay is low, and is not comparable with the compensation paid in positions involving similar responsibility and similar amounts of work elsewhere in the government service.

Mr. GREEN: May I bring to the minister's attention a request which has been made by the bar of British Columbia, for setting up in that province a registry office of the exchequer court, and for the appointment of a deputy registrar. They also ask that one of the four judges be stationed on the west coast.

As was stated earlier this afternoon, there has been a great increase in population in British Columbia, and in the legal business transacted in that province. At the present time it is particularly awkward and difficult to have cases tried by the exchequer court. In normal practice the court sits on the west coast only once a year. This means that if a case is of an urgent nature, counsel and witnesses must come to Ottawa to have it

heard. There is also the difficulty of having to file all the documents with the registrar here in Ottawa. I believe the request by the British Columbia bar is a reasonable one.

Has the minister given consideration to setting up a registry office at the coast, providing for a deputy registrar there and providing also that one of the judges shall live on the west coast? I can understand the reason for the present provision that the judges must reside in Ottawa when there were only two judges, but now that there are four it should be possible to decentralize the work of the court more than is being done at the present time. Our province, because of its remoteness from Ottawa, is not getting fair treatment under the present arrangement, and I would ask the minister to give consideration to meeting this request.

The DEPUTY CHAIRMAN: I would request hon. members again to deal with the resolution. The resolution is a simple one, reading as follows:

That it is expedient to present a bill to amend the Exchequer Court Act to authorize the payment of a salary to the registrar of the court not exceeding six thousand five hundred dollars as the governor in council may fix.

The suggesting of setting up courts and all that kind of thing may develop an argument along lines which would be foreign to this resolution. I believe hon. members are anxious to get along with the business of the house, and if they will cooperate with the chair and confine their remarks to the resolution or the item before the committee I believe we shall make better progress.

Mr. GREEN: With all due deference, I would point out that this resolution deals with the registrar of the court, and my question had to do with the setting up of a registry office on the Pacific coast and having a deputy registrar there. I am sure both the Minister of Justice and the Solicitor General will agree with me when I submit that I was entirely in order in asking that question. I submit, Mr. Chairman, that you are interpreting the resolution in a much too narrow fashion.

The DEPUTY CHAIRMAN: The chairman is always in the hands of the committee, but I believe it is the duty of the chairman to direct discussion along the proper lines. I cannot agree with my hon. friend, but as I say I am in the hands of the committee. If the committee will support the chair in trying to keep to the items before the committee, I repeat that I believe we shall make better progress.

Mr. ILSLEY: I do not think we need to discuss this very much. The hon. gentleman wants to request publicly that this step be taken. The same request has been made by other members from British Columbia, and my colleague, the Minister of Veterans Affairs, has forwarded to me requests and representations that have been made in British Columbia. I am quite content to give the matter more study than I have been able to give it up to the present time. I would point out that this is quite a departure in the organization of the Exchequer Court of Canada, because British Columbia is just one degree removed from the other provinces, and certainly the same request would be made by the maritime provinces and probably by the prairie provinces. The first thing you know we would have a different kind of court from the one we have at the present time. I would hope it will not be necessary to take that important step.

Mr. HACKETT: Is there a retirement allowance attaching to the position of registrar?

Mr. ILSLEY: I cannot reply with absolute certainty, but I feel sure the position is subject to superannuation.

Mr. HACKETT: The registrar at the present time receives a lesser remuneration than that of county court judges, for instance.

Mr. ILSLEY: Yes, but the registrar is not a judge.

Mr. HACKETT: He has quasi judicial functions.

Mr. ILSLEY: Possibly so. His salary is not as great as that received by the registrar of the Supreme Court of Canada, although the work is fully as great and perhaps greater. Nevertheless there is a difference in the status of the two courts.

Mr. NICHOLSON: I should like to remind the committee that for a number of years the Minister of Justice was concerned about maintaining price ceilings and keeping down wages. While the sum involved is not large, there is an increase of thirty per cent. Now that negotiations are under way to have increases all across the country, it is important to know why the government is presenting a special bill to provide a sizeable increase. Could the minister indicate something of the qualifications of the registrar and the nature of his duties which makes it imperative to bring in this sort of legislation at this time?

Mr. ILSLEY: I shall have to send for the Exchequer Court Act in order to get the

qualifications, and it is a question whether my hon. friend should expect me to do that. He could have looked at the act and found out what the registrar does.

Mr. NICHOLSON: How about his qualifications?

Mr. ILSLEY: The registrar, Mr. Henry, is an excellent man, and I think he is known to nearly all members of parliament because he has been in the public service for a great many years.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 263, to amend the Exchequer Court Act.

Motion agreed to and bill read the first time.

FISHERIES RESEARCH BOARD

PROVISION FOR SCIENTIFIC, TECHNICAL AND OTHER OFFICERS AND EMPLOYEES

Hon. H. F. G. BRIDGES (Minister of Fisheries) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure to amend the Fisheries Research Board Act to provide for the election of a vice-chairman, the appointment of an executive director who shall be the secretary of the board, and for the employment of such scientific, technical and other officers and employees as may be necessary for the proper performance of the board's work; and for the emoluments, salary or remuneration, as the case may be, of such officers and employees, also for the application to them of the Civil Service Superannuation Act as well as of the benefits enjoyed by civil servants.

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

Mr. MacNICOL: Is the minister going to give an explanation?

Mr. BRIDGES: Mr. Chairman, I might briefly outline the object of the resolution. It is intended to provide in the bill to follow, first of all, for the election of a vice-chairman to act in the absence of the chairman. At a recent meeting the chairman was ill and we found that we had no statutory authority for a vice-chairman. The second and most important amendment is the selection by the governor in council of one of the members of the board from the Department of Fisheries to be the administrative officer and secretary of the board. The need for this position has arisen from the enlargement of the scope of the board's work and from the necessity of having a responsible officer to supervise and administer the work of the board. This officer, being a member of the department, would effectively provide the essential liaison between the department and the board. The third amendment is to authorize the board, subject to the approval of the minister, to employ the scientific, technical and other personnel necessary for the work of the board. Since its inception, the board, with the approval of the minister, has employed any personnel required for its work. The authority to do this under the existing act is not considered sufficiently clear, and the bill is intended to cure this deficiency. Another amendment provides for the continuation of the benefits under the Civil Service Superannuation Act and all benefits, except salary, of a civil servant who might be employed by the board; as, for example, in the case of the administrative officer of the board, to be selected by the governor in council from the members of the department.

Mr. FRASER: How many inspectors will the board have to employ?

Mr. BRIDGES: I have not the exact figures in front of me as to the number of personnel, but we operate experimental and biological stations across Canada. The most important part of the whole bill is that which provides that some one person is to have the position of executive director of the board. In the past there has been no one person devoting his full time to the work of the fisheries research board as a whole throughout Canada.

Mr. FRASER: That was under the minister's guidance before?

Mr. BRIDGES: Yes. I could take time to give the constitution of the board but perhaps that might be saved for discussion later.

Mr. PEARKES: Is it the intention to refer this bill after second reading to the fisheries committee?

Mr. BRIDGES: Yes.

Mr. ARCHIBALD: I am a little confused over a certain point. Each year we vote so much for research on the west coast and so much for the east coast. Will expenditures such as that come under this board and the money be allocated through the board, or will it be voted and appropriated by the house as before?

Mr. BRIDGES: There will be no change so far as that is concerned. The vote will go through the house in the same manner as it has in the past.

Mr. MacNICOL: The vice-chairman will not receive a salary, will he?

Mr. BRIDGES: No.

Mr. CRUICKSHANK: Will the west coast get an equal grant with the east coast for research?

Mr. BRIDGES: The amount of money is spent through the various stations, and when the estimates come before the house my hon. friend will be able to see whether or not the west coast is getting its share.

Resolution reported, read the second time and concurred in. Mr. Bridges thereupon moved for leave to introduce Bill No. 264, to amend the Fisheries Research Board Act.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR REFUNDING OF FINANCIAL OBLIGATIONS

Mr. R. W. MAYHEW (for Mr. Abbott) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure to provide for the refunding of matured, maturing and callable financial obligations of the Canadian National Railways and for the issue of securities guaranteed by the Dominion of Canada in respect of such refunding to an aggregate principal amount not exceeding $200,000,000.

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

Mr. MAYHEW: Mr. Chairman, the bill based on this resolution is to provide for the refunding of Canadian National Railway securities in the years 1947 to 1954. The last refunding act was passed in 1944 for the same amount, namely $200,000,000. Canadian National Railway bonds that mature and are callable up to the end of 1954 total $221,304,943.61. The procedure outlined in the bill for meeting these maturities is either by refunding issues or by way of loan from the government. Since the outbreak of the war, only one railway issue, that of January 2, 1947, has been sold to the public. Other maturing issues have been met by loans from the government. The January 2, 1947, issue consisted of $50,000,000 twenty-year bonds at 2¾ per cent and was sold at 100·68, to yield 2·7 per cent. The resolution provides for the renewal of these loans.

Mr. MACDONNELL (Muskoka-Ontario): Of course it is desirable that this refunding should be done. The only question I wish to raise is as to giving authority for refunding operations for the next five, six or seven years. You may argue: Why not do it because it is only giving authority which will not be abused? On the other hand, I myself cannot see why we should now give authority extending over several years. I notice that in the railway committee the question was asked whether the reason why this authority should be given was that it was proposed to take advantage of the present low interest rates and go out and get the money, but the official of the company said no. I quote from page 149 of the report of proceedings, where he said:

We shall only issue new securities as of the date the old securities maturing are called. We will not secure funds in advance of need.

I am not making any comment as to whether or not it is wise; whether they would be well advised to go out and get $200 million now. There are complications in the way of it and I think reasons given against it may be quite valid. I do not criticize that. The point I wish to make is this. It seems to me a free and easy way of dealing with this matter, to give authority now which is to extend over five or six or seven years. If I am asked what difficulties can arise I confess quite frankly that I find it difficult to answer that. There may be changes in rates of interest. There may be reasons why this refunding later on may not appear as desirable as it is now. The minister may well say that if that occasion should arise, do I not think the railway officials are as competent as anyone to deal with it? My answer would be that they are very competent indeed. Nevertheless I can see no reason for it at the moment. By looking at page 149 of the report, I observe that there are only some $45 million callable as early as 1948. There are two amounts of $25 million and $20 million. Then there is a large issue which is callable in 1949 and another in 1950.

Without labouring the point further, I raise the question, first of all, whether it is necessary to do it. It seems simple to come along next year and bring in another resolution to give another authority. That is very simple indeed. We have to do that, of course, in connection with the amounts which are to be raised for extensions and improvements. That is done as a matter of course each year. I suggest to the committee that this is an unnecessary free and easy way of giving wide-open authorities to authorize $200 million now, when actually up to the end of 1948, if my reading is correct, only $45 million is necessary.

Mr. MAYHEW: I can give the dates on which these moneys mature. The hon. gentleman is right; in 1948, $20 million mature. The callable date is February 1, 1948. On February 15, 1948, the amount callable is $25 million; on October 1, 1949, the amount callable is $57,728,500; again on Feb-

ruary 1, 1950, $17,338,000, and on April 2, 1950, $798,055.48. I can give the table if the committee desires it. Some $86,980,000 is payable in Canada; $2,607,443.61 payable in London and $8,629,000 payable in New York; payable in Canada, London or New York, $123,088,500. I would think it would be advisable to leave the government in a position to use its own judgment as to when it was the best time to call these moneys because of the condition of the market.

Mr. MACDONNELL (Muskoka-Ontario): I do not want to labour the point unduly. I observe that the minister is not in the house. I wonder whether this could be held over for the minister to consider it. I realize that precedent is against me. I realize that measures of this kind are brought in to cover several years; therefore the practice has obtained in the past. I question whether there is any need of authorizing these huge unnecessary amounts. I question whether it would not be sensible to deal with the requirements, say to the end of 1948. Therefore I would ask whether it might not be referred to the Minister of Finance and the question considered.

Mr. MAYHEW: The matter has been discussed with the Department of Finance and this is what they are asking. However, all that we are doing at the present time is to ask for first reading of the bill, and the minister can give further consideration to the matter and answer the hon. gentleman on second reading of the bill.

Mr. FRASER: What will be the saving in the interest rate to the end of 1948?

Mr. MAYHEW: That would depend entirely on what we would be able to renew the money at; that cannot be answered at the present time.

Mr. FRASER: It has not been calculated?

Mr. MAYHEW: I do not know what it would be.

Resolution reported, read the second time and concurred in. Mr. Mayhew thereupon moved for leave to introduce Bill No. 265, respecting the Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.

Motion agreed to and bill read the first time.

VISITING FORCES

UNITED STATES—DISCIPLINE AND INTERNAL ADMINISTRATION WHEN IN CANADA

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs) moved the second reading of Bill No. 253, to make provision with respect to forces of the United States of America when visiting Canada and with respect to the exercise of discipline and to the internal administration of such forces.

He said: The purpose of this legislation is to make provision for the discipline of United States forces when visiting Canada. Hon. members know that there was passed by this parliament in 1933 an act, chapter 21 of the statutes of that year, making provision for the discipline of forces of commonwealth countries visiting Canada. At the outbreak of war, by an order in council under the War Measures Act this was extended to United States forces, and by a subsequent order in council under the War Measures Act much broader provisions were made for the service courts of the United States, even to the exclusion of the jurisdiction of our Canadian courts.

Mr. GREEN: May I ask the minister a question? Did that order in council extend the powers under the Visiting Forces from Commonwealth Countries Act or under what was called foreign forces order?

Mr. ST. LAURENT: The first extended the provisions of the visiting forces of the commonwealth to foreign forces present in Canada.

Mr. GREEN: By a foreign forces order?

Mr. ST. LAURENT: By a foreign forces order. Then there was a subsequent order in council giving more extensive jurisdiction to the service courts of United States forces than was provided by the foreign forces order; but both these orders lapsed or were repealed in compliance with the undertaking that had been given in the house, on April 1 last, because they were not included in the schedule to the so-called omnibus bill. Since that time, there has been no authority under which commanders of forces of the United States visiting Canada, on invitation or with the consent of the Canadian government, could exercise disciplinary powers, and the bill is to give the commanders of these forces powers similar to those which are provided in the act of 1933 with respect to the commonwealth forces, and particularly not to exclude the jurisdiction of the Canadian courts.

The purpose of this bill is to give the commanders of such visiting forces rights to exercise such jurisdiction as our own service courts can exercise in our own domestic armed units. But on the same principle, our own service courts do not oust the ordinary jurisdiction of the ordinary courts of the land. This provides that the jurisdiction given to the service courts of the United States will not oust

the jurisdiction of the ordinary courts of the land. The service courts of the United States will have exclusive jurisdiction in connection with such breaches of discipline as would not be offences under Canadian law. But with respect to anything which, though a breach of their military orders, would also be a breach of Canadian law, they get no exclusive jurisdiction. The statute also provides that such jurisdiction as they may exercise will be only over members of their forces, and that their decision as to who is a member of their forces will not be conclusive. If they attempt to exercise any of those powers in Canada with respect to an individual, and he claims not to be a member of their forces, the question as to whether he is a member of their forces will have to be determined by our own courts.

Mr. LOW: That was, essentially, the arrangement which existed during the war, was it not?

Mr. ST. LAURENT: No. During the war we went farther than that. Under United States law, their service courts have exclusive jurisdiction over their own personnel in their own country, to the exclusion of their own ordinary courts of justice; and they tell us that under their law our service courts would have, in their country, over personnel of Canadian forces visiting their country, jurisdiction that would be exclusive of their courts. But we told them that was not the principle which applied in British countries. We told them that in British countries the personnel of the army, like all other citizens, were amenable to the courts of justice of the country and that, although we did, because of the special conditions which existed during the war, make them that concession, it was only for the duration of the war. They have made representations to us, but we have told them that we could not give their service courts exclusive powers which our service courts did not have over the personnel of our own Canadian forces, and that they would have to be satisfied with exercising the jurisdiction they have by virtue of their law, but not to a greater extent than our laws recognized the jurisdiction of our own service courts. Moreover, we made it a provision that this jurisdiction would, of course, apply only to members of their forces, and that the question as to whether or not, in a concrete case, a person was amenable to their jurisdiction would have to be one which was triable by our ordinary courts of justice.

Mr. FLEMING: Would the minister permit a question?

Mr. ST. LAURENT: Yes.

Mr. FLEMING: What is the statutory or other source of power for the government to admit to Canada the armed forces of other nations outside the commonwealth?

Mr. ST. LAURENT: I do not think it makes any difference whether they be within or outside the commonwealth. We made with the United States government the informal arrangement which the Prime Minister described in this house on February 12, 1947, in a statement on defence cooperation. In that statement the Prime Minister outlined the programme of post-war cooperation between the armed forces of the United States and Canada resulting from discussions which had taken place in the permanent joint board on defence. This programme calls for the interchange of selected individuals so as to increase the familiarity of each country's defence establishment with that of the other country. It also calls for general cooperation and exchange of observers in connection with exercises and with the development and tests of material of common interest. It encourages common designs and standards in arms, equipment, organization, methods of training and new developments. It provides for such extension of reciprocal military, naval and air facilities in each country as may be agreed upon in specific instances. It also provides, of course, that everything which is done by one country in the territory of the other is subject to the full control of the other country, recognizing the full sovereignty of the other country.

As an illustration of what is taking place, there is a small detachment of United States observers who have been stationed at Churchill taking part in the tests of material under the climatic conditions which exist there, but they are all under the supreme command of the Canadian commander of the post. He does not, however, attempt to exercise authority over the individuals. He does that through the normal chain of authority. It is the commander of the United States detachment who is responsible for the discipline of the men under his command.

Mr. GRAYDON: Will the arrangement always continue on that basis?

Mr. ST. LAURENT: That is the arrangement at present existing by virtue of this recommendation of the permanent joint board on defence which the Prime Minister described in the house on February 12 last.

Mr. GRAYDON: May I ask the minister a question just here? I am sorry to interrupt him, but I do not think he quite answered the point raised by the hon. member for Eglinton (Mr. Fleming), namely, as to wherein lay

the power to invite visiting forces to Canada under any circumstances. Is it not in parliament rather than in the governor in council?

Mr. ST. LAURENT: No, I think not. Parliament can, of course, control it. Parliament could provide by legislation for the exclusion of any forces; but I think His Excellency, as commander in chief of the Canadian forces, can do such things as are not contrary to Canadian law and which he thinks are advisable for the preparation of the defences of the country.

Mr. GRAYDON: Where does he derive that power from? It must come from some statute?

Mr. ST. LAURENT: From the prerogative. The hon. member realizes—he knows it as well as I do; I am just reminding him of it—that we have not in this dominion adopted the constitutional practice of the United Kingdom whereby there can be no armed forces established for more than a year; the authority must be renewed yearly. We do, in fact, carry out that principle by virtue of the fact that there are no appropriations made for more than one year. But I do not conceive that an act of parliament is necessary to allow groups—whether, in fact, they be an armed force or not—to enter Canada, if there is nothing positive to exclude them.

Mr. GREEN: Does that mean the government could invite divisions in?

Mr. ST. LAURENT: I think that would be a matter for which there would be responsibility to this house and to public opinion.

Mr. GREEN: But if they can invite groups in, they can invite divisions in.

Mr. ST. LAURENT: I think the commander in chief of the Canadian forces can take such measures as his ministers are prepared to assume responsibility for the parliament, and to the country, so long as they do not infringe any enactment made by parliament. They cannot give them any privileges that individuals would not have, and that is why this act is necessary.

Mr. GRAYDON: But wouldn't they—

Mr. ST. LAURENT: If we are to have this system of question and answer I think we had better have it in committee, rather than when I am trying to make a statement.

Mr. GRAYDON: We were just interested in trying to get the information.

[Mr. Graydon.]

Mr. DEPUTY SPEAKER: It occurred to me that since there had been so many questions, probably the house would prefer to go into committee now.

Some hon. MEMBERS: No.

Some hon. MEMBERS: Six o'clock.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. ST. LAURENT: Mr. Speaker, when the house took recess for dinner, or just before that time, I had been asked on what authority invitations could be issued to members of a force of another country to visit this country. I had said I did not know of any statutory authority. I have been giving the matter some thought since, and I must say I do not know that there is any statutory authority, or that there is any need for statutory authority to allow those gentlemen, or ladies and gentlemen as the case may be, to visit Canada, any more than there is need for statutory authority to welcome the President of the United States when he visits this country.

Mr. COLDWELL: Is there not this difference: These are armed forces of another nation?

Mr. ST. LAURENT: If the hon. member will just let me continue my exposition, there will be opportunity later for criticism. It is difficult when the house is not in committee to deal with these questions as they arise.

There is no statutory authority for the admission into Canada of the diplomatic representatives of other states. These are matters which are governed by the comity of nations; and I think it is the same with respect to the penetration within our country of the armed forces of another friendly state. If we resented it, it would be an unfriendly act for them to come. If we do not object to it, there is no need of statutory authority to enable its being done.

But of course they have no status as military units in this country, unless that is provided for by statute. And it is for that reason precisely that this bill is submitted to parliament. It is submitted to parliament, so that they can, when in fact here as a unit, be treated by those who are commanding them in the manner provided by military law, without that being an assault on, or with its being an interference with the individual liberty of the persons concerned.

Without something of this kind, no attempt, for instance, to arrest one of their members would be anything but a common assault. No attempt to restrain the movement of one of their members could be upheld in the face of a writ of habeas corpus. They would be merely a certain number of individuals, each recognized as individuals, and no one of them having any right to interfere with any movement of any other one of them. It is to take care of what is required for the proper discipline of a group coming under the command of officers that it is necessary to have some provision of this kind.

The provision to be made is that when United States forces are present in Canada the service courts and service authorities of those forces may exercise within Canada, in relation to members of those forces, all such powers as are conferred upon them by the laws of their own country; but not to the exclusion of the exercise by the ordinary authorities in this country of our own laws, and not to the exclusion of the rights of any person over whom they attempt to exercise that authority to apply to our own courts to determine whether or not he is a member of their forces.

This bill is to be concerned only with United States forces present in Canada with the consent of the Canadian government. United States forces present in Canada without the consent of the Canadian government would be committing an unfriendly act. This bill will have no application to civilians, or to any others than members of an organized unit of the United States present in our country with the consent of the Canadian authorities.

That is the same situation which had to be dealt with, or which it was felt should be dealt with by the Visiting Forces (British Commonweath) Act of 1933. Prior to that act, any group of persons from another part of the commonwealth could come here; there was nothing to prevent their coming here. But there was no right of anyone conducting such a party to exercise any authority in this country over the members of the party he was conducting. It was for that reason that the Visiting Forces (British Commonwealth) Act of 1933 was enacted, so that when groups came here—

Mr. MacNICOL: That is, armed forces?

Mr. ST. LAURENT: Yes, groups of armed forces under the command of officers. It was enacted so that those officers could exercise here the powers which they would have over the same men in their own country, but not to the extent of preventing Canadian authorities from dealing with them while they were here in accordance with the laws and procedure of our own Canadian administration. And it is the same thing, in substance, that is contained in this bill, to which I suggest the house might well give second reading, and consider in detail in committee.

Mr. G. R. PEARKES (Nanaimo): Mr. Speaker, as the right hon. minister has stated, this bill makes provision for those troops of the United States forces which are visiting Canada, so that their code of discipline may be applied through such military courts and through such other means as are expedient. It also enables the exercise of the internal administration of those forces.

In section 2, the expression "United States force" is clearly defined as one which is here in Canada with the consent of the government of Canada, and is lawfully present in Canada or on board any of His Majesty's Canadian ships or aircraft. This clearly indicates that the troops or individuals who would be visiting Canada would be here with the consent of Canada, and that some provision has been made for them to be here lawfully.

The minister has explained what he considers to be the lawful requirements, so far as issuing the invitation for the troops to be present is concerned. I understand that this bill is really to implement the policy announced by the Prime Minister (Mr. Mackenzie King) on February 12 when he informed the house that steps had been taken, as a result of discussions by the joint board of defence, to ensure closer collaboration between the forces of Canada and the forces of the United States. In that statement the Prime Minister also emphasized the fact that this in no way imperilled the relationship which exists and the close collaboration which was to continue between Canadian forces and the forces of the rest of the British commonwealth of nations.

In fact I believe it is a joint plan of Canada, the United States and Great Britain that this collaboration and cooperation, this joint study of defence problems should proceed and that there should be unification as far as possible of the weapons and equipment of the three countries. The Prime Minister stated that both governments, that is the Canadian and United States governments, believed that the decision which had been reached, namely to continue close collaboration, was a contribution to the stability of the world and to the establishment, through the united nations, of an effective system for world-wide security.

There are in this land today many people who believe that one way of ensuring world stability in the future, one way of avoiding a third world war, is for the peace-loving nations to have a reasonable degree of unity and a reasonable strength. We have had the bitter experience of the late thirties with its policy of appeasement, a policy under which we hardly dared to say "no" if somebody else shouted loudly "yes"; we had the bitter experience of that policy, and therefore I think a policy of ensuring that we have maximum cooperation and strength in order to maintain a peaceful world by cooperating with other nations which we know to be friendly is a sound and practical course to take.

We come now to the question of what type of individual or troops is to be permitted to come into Canada in accordance with the announcement made by the Prime Minister. He emphasized the fact, as reported on page 346 of *Hansard* of February 12, that they could come to the extent authorized by law. It may be that a request of the government is sufficient or that an invitation of the government may perhaps be considered as being authorized by law. Perhaps the minister will go into that in greater detail when we get into committee on the bill. The Prime Minister went on to say:

> The collaboration will necessarily be limited and will be based on the following principles:
> (1) Interchange of selected individuals so as to increase the familiarity of each country's defence establishment with that of the other country.

That would probably mean a few staff officers and instructors.

> General cooperation and exchange of observers in connection with exercises . . .

No doubt there will be certain manoeuvres, exercises and experiments carried out not dissimilar to the Musk-Ox expedition of a few months ago. I can picture United States observers and perhaps the observers of other countries coming here to gain from the experience of such exercises. Then the Prime Minister went on:

> Encouragement of common designs and standards in arms, equipment, organization, methods of training and new developments.

There again one may readily understand the necessity, if we are to have a uniform system of equipment, of the Americans testing out those new weapons and that new equipment over our terrain and under our climatic conditions. We do not want to think only in terms of ground armament; there is the armament of the air as well. I am quite certain that it will be necessary for new equipment to be tested in our northern clime, but there again only a few men would be required to carry out those experiments. Then the Prime Minister went on:

> Mutual and reciprocal availability of military, naval and air facilities in each country.

That would be placing, shall we say, stations in the north at the disposal of the United States, so that they may come up and study conditions and, if necessary, operate from there. In those principles as laid down there, no mention was made of units. I suggest that the first time the possibility of units of the United States forces visiting this country was mentioned was when the minister referred to visits of United States units. That is putting a different complexion on the matter; that is going one step farther than the principles enunciated by the Prime Minister on February 12.

Mr. ST. LAURENT: If by using the word "unit" I conveyed to hon. members to whom technical military language may have special significance, something different from what was in the Prime Minister's statement, then I must apologize. The word was not used with the intention of signifying anything other than what was contained in the statement made by the Prime Minister on February 12. It may be my fault in using an expression which has a technical military significance which I did not attach to it.

Mr. PEARKES: I understand the term to mean a unit under the command of an officer. The definition of "unit" is given in the military textbooks, and I would certainly put that interpretation on the word. A battalion is a unit; a battery of artillery is a unit, and a regiment of tanks is a unit.

Mr. ST. LAURENT: I must confess my ignorance. I thought the term could be used for any number who were under the command of an officer who had disciplinary powers over them under the laws of his country.

Mr. PEARKES: As long as it is understood that the principle here refers, shall I say to small detachments which are here for the purpose of carrying out some experiment or demonstrating the value of some new equipment to our Canadian troops, then I feel that no change has been made. But if the term "unit" is meant to exceed that, then I feel that this house should be advised of the number who may be coming into the country. One can readily appreciate the necessity of a few men coming here, and as long as it is understood that there will only be a few at any time, then personally I can raise no objection to the principle because I feel that it would be a detriment if we put obstacles in the way of further collaboration.

As for the administration of discipline, when we have these visiting troops here I think it is fair to say from the experience of the last war, when I definitely had close contact with United States troops in this country and with Canadian troops serving on United States soil, that it is in the interests of both forces that offenders who have been guilty of breaches of military discipline should be tried by military courts under their own officers. When we go farther we find that provision is made in this legislation so that our own courts are not affected. If I remember rightly, during the war that provision was not in the act and that caused some difficulties, although on the whole the relations between the United States and the Canadian forces were most happy. As will always be the case, little incidents sometimes occurred which possibly could have been cleared up had it then been possible to have brought these cases before our Canadian courts.

As to the question of the removal of certain ancient clauses in our criminal code, if the United States detachments are to come here they must march, and if they are to demonstrate their new equipment they must be allowed to carry that equipment and those explosives, provided always that they are under discipline and are carrying out their lawful procedures.

There is one clause in this measure which makes it retroactive until the first of April, and I presume that is because of the United States detachment now at Churchill, to which the minister referred before the dinner recess. I think it would be a fair question to ask him whether there are any other United States detachments here similar to that one in the northland. I have heard stories that there are some in connection with the air navigation posts in the north. I think the house might reasonably be informed as to the extent of the United States detachments which are now in Canada, particularly since the measure is to be made retroactive to the first of April.

Regarding these detachments which are here, the minister pointed out that the detachment at Churchill was serving under the orders of the Canadian commander in that area. I presume that whenever an invitation is issued to United States troops to come here there will have to be a special agreement drawn up to fit each particular case. I do not think it would be practical to have an over-all statement as to how the chain of command would be exercised. I mention that point, because I think it is important that when the invitation is issued and the agreement first drawn up it be definitely stated what the chain of command is.

Finally, I would ask the minister to tell the house whether any reciprocal agreement has been made, because it is a fact that there are Canadian observers in the United States, and there may be Canadian detachments visiting the United States. Has the government of the United States granted similar agreements to our troops? I think that also is a question which perhaps the minister would answer.

Mr. J. O. PROBE (Regina City): Mr. Speaker, the implications of this bill, No. 253, now before the House of Commons are, in my view, most serious. The Secretary of State for External Affairs (Mr. St. Laurent), in introducing the measure before the dinner recess referred to the fact that the permanent joint defence board had come to certain understandings with respect to training and the defence of this hemisphere and with regard to projects involving a study of hemisphere defences. In so doing he stated that we had on the statute books of this country no legislation by which a foreign military force could be excluded from this country or by which it could be permitted to enter Canada; that it was the prerogative of the governor general of this country as the commander of the Canadian army to make whatever arrangements he thought necessary for defence cooperation in conjunction with other powers, and that parliament at the moment had no jurisdiction. I think that is an exceedingly serious implication. We know by virtue of the statement of the minister himself, and of course it is fairly common knowledge in this country, that there are in Canada at the present time, in peace time, foreign troops. Granted they are friendly troops at the moment. Nevertheless we have foreign troops in Canada now. By this measure they are permitted to be in uniform. By this measure they are permitted to be under arms and are permitted to carry on whatever military manoeuvres their own commanders consider necessary, although I hasten to admit that in all probability it will be by collaboration between the chiefs of staffs of the two countries.

This bill, No. 253, specifically makes provision for the setting up of military courts by which these foreign troops on Canadian soil may be disciplined by the army or service acts applicable to the services in their own country and without regard to Canadian law at all. I know, of course, that the minister will assure me that Canadian law will be

observed by the troops of any foreign power which are in this country. As a matter of fact it is likely to be true that in the ordinary course of military or civil offences the offenders will be turned over to their own provost corps, which will make arrangements with their own military commanders to try the offenders under their own military laws, and that civil prosecutions for civil or criminal offences may or may not follow.

The set-up here is very nearly akin to the old days of the absolute monarchs who employed mercenary troops, foreigners, whom they commanded and the dispositions of which they arranged by collaboration at their own pleasure. Let us just put the shoe on the other foot for a moment. I know that since the early part of the nineteenth century Canada and the United States have been at peace. We are the closest of friends. The restrictions in movement back and forth between this country and the United States are minor. There is very little restriction with respect to free intercourse across the international border. The Rush-Bagot treaty, which limited the border defences of the two countries by agreement in the early part of the last century, has never been contravened. We are literally close friends from a national point of view. Let us, however, in the light of the international situation at the present time, assume that it is not United States troops to whom we are extending the privileges that are implied in either the actions of the permanent joint board of defence or in the bill that is now before the house; let us assume for a moment that we extended those privileges to Russia. Judging by the present tenor of public opinion in the United States, I have no doubt that there would immediately be an outcry on the part of the government across the 49th parallel, and rightly so, that Russian troops were training, shall we say, on Musk-Ox or on a similar expedition. And I say that the United States of America would have every justification for complaining of the fact that in peace time we were permitting foreign troops in uniform, on manœuvre and under the supervision of their own officers, to drill and train in Canada.

The fact that at the moment we have a friendly neighbour to the south does not alter the principle of this discussion one iota. I want to make that perfectly clear. I feel, too, that the fact that these exercises and manœuvres are taking place on Canadian soil, and that there is such close inspection of our northern terrain is not accidental. For that reason, and by virtue of the fact that we have just barely emerged from a great war world conflict and that we are trying to lay the foundation of an organization which will prevent future wars, I say that we are going off literally half-cocked.

The hon. member for Nanaimo (Mr. Pearkes) praised the government for the fact that we had a form of defence arrangement with our powerful friendly neighbour to the south, and gave as his view—and I respect his view because he is an outstanding military man, but only as the view of a soldier—that world peace and stability were being assured by virtue of the fact that we had such a cooperative arrangement between Canada and the United States for the defence of this continent. Let us go back about thirty-five years ago. At that time we also had two very large world alliances, the entente cordiale and the triple alliance. The fact that there were powerful neighbours associated with one another did not prevent war. In my opinion it may even be argued that war actually resulted from the military alliances which were formed prior to 1914.

Mr. POULIOT: It was called the balance of power.

Mr. PROBE: Let me say one thing further while I am referring to that alliance. France and Britain were involved in the alliance at that time, and I feel that the hon. member for Nanaimo can verify what I now say. Before the war, but when it was almost certain that war was imminent, he knows, as do I, that British and Canadian officers went over the battlegrounds in France and in Belgium not in uniform and not on manœuvres but as civilian tourists on bicycles.

This is a serious matter which is before the house, not because the bill deals with the discipline of troops. I feel that in this bill we are surrendering some of the sovereignty of Canada to army courts of a foreign power. But that in itself is not the worst feature of the bill. It is the fact that the bill is premised on the presence in this country of foreign, if, at the same time, friendly forces. If we are to live up to the obligations that we undertook a year and a half ago at San Francisco to all the nations, large and small, then we must not enter into an arrangement with the United States permitting their troops to come across to Canada, and ours to go to the United States. This makes for a virtual alliance. On the contrary we should hold out for and live up to article 47 of the united nations charter to which we are signatories, which reads that "there shall be established a military staff committee to advise and assist the security council on all questions relating to the security council's military requirements for the maintenance of inter-

national peace and security; the employment and command of forces placed at its disposal; the regulation of armaments and possible disarmament."

As a member of the united nations and as a free and independent country, if we are ever to surrender all or part of our sovereignty, which in my view is what we are doing at present, it must be to the united nations. There will come a day; conceivably we are on the threshold of it now, because we have our eyes looking forward to world government, when we may have to consider, and undoubtedly will consider, the surrender of a portion of our national sovereignty. If that sovereignty is to be delegated, it must be only by knowledge of and by agreement with the united nations assembly.

Mr. COLDWELL: And with the consent of this parliament.

Mr. PROBE: And with the consent of the parliament of Canada. Even such a partial surrender must be a negotiated one, not by Canada alone as is the case now, with some single country, but with a higher power and by other nations surrendering equal sovereignty with ours, as and where such surrender is applicable.

Some of us served in His Majesty's uniform. Once we were in the conflict, there was no question as to what we were to do; we did as we were told. The forces that put us into the position of volunteering for service and volunteering to die were at work long before we put on the uniform. Most of us in this house are too old to be concerned for our selfish skins, but we have children and we have neighbours. This house of parliament has a responsibility, not just to our neighbours in our communities, but to the Dominion of Canada, to the United States, to Russia and to every country in this world. I, for one, will not consent to foreign troops drilling on this soil except by consent and agreement with the united nations. I wish therefore to move, seconded by the hon. member for Weyburn (Mr. McKay):

That Bill No. 253 be not now read a second time but that the subject matter thereof be referred to the standing committee on external affairs.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): I congratulate the hon. member for Regina City (Mr. Probe) upon the able speech he has just made, although I differ with him on one point. I do not believe in the united nations. But his exposé was remarkable. I cannot understand the legislation which we now have substituting United States law for our own. Where will it end? What will happen when the Chinese are here? What will happen if the Russians come here? We belong to the British commonwealth. We have great regard for the king's regulations and orders of Great Britain, but they become the law of the country only if they are accepted by this country and are made our own law. The British army regulations are not in force in Canada unless they are accepted by us. Yet here we are ready to accept United States regulations without knowing what they are. Where are we going with this idea of the united nations business? It is the summit of absurdity as I said today before a social club in Montreal. Who are the united nations? The united nations are not the small nations; they are not the so-called middle powers, which do not exist as the Secretary of State for External Affairs told me in answer to a question last year. The united nations are the big powers. Who are the big powers? One is the United States of America, which may crumble at any time. They are a big power at the present time, but how long will that last? I hope it will last for a long time. I hope the United States is a country which will last for a long time. It is powerful and rich. I am not anti-American, but I do not see what business we have to accept the law of the United States regarding troops, without knowing what it is. What about the conflict between United States legislation and ours? What about the laws of the French army? They are another of the big five. Take all the big five together: Great Britain, the United States, Russia, France and China. Is it true that each army will have a separate kind of law while it is in this country? There is no country in the world that has been going as far as Canada has been in accepting everything that comes from the outside.

I have great fear about the united nations. We hear the ministers and some members of the opposition saying, "Fight socialism; fight communism." I have nothing against the nations represented by the governments of the five united nations. The Russians may be good people. The British are good people. The French, the Chinese and the Americans are all good people. But I do not believe in their form of government at the present time. Everybody is complaining about communism. One member of the house was a communist and he was ruled out of the chamber for cause. No communism! Yet we are ready to accept the rule of a communistic government. No socialism! Yet we are ready to accept the rule of a socialist government in Great Britain. Peace, order and good government! Yet we are ready to accept the rule of an unstable

government in France. Peace, peace! Yet we are ready to accept the rule of China which is still at war.

Mr. SINCLAIR (Vancouver North): Quite right.

Mr. POULIOT: Thank you. Now let us take the United States. There are very few members who would be ready for annexation. But the worst form of annexation is the blind acceptance of the laws of another country. I cannot understand how we can allow the laws of the United States to jump across the border. What I say is not at all unfriendly to any one of the big powers, but I would not support with my vote any one of the big powers separately. How then can I accept their rule jointly for the soldiers of my country or for anybody else who will be here? It will be some kind of soviets in the army. What is important in the country is for everybody to know the law. There is a principle of law which is known by everybody. It is that no one shall ignore the law. During the war we all ignored the law. We had to do so, because no one could be familiar with all the edicts of the minor clerks who exercised the power of parliament for the duration. But now that the war is over, will the students of law be obliged to learn the army regulations of each one of the united nations? That would be some problem for them, and I do not know how many would be able to pass their examinations. We are internationally minded now. During the first war everything was national. There was the Canadian National Railways, national shoe shine, national boot blacks, national luncheon, national everything. Since the recent war we have turned international.

An hon. MEMBER: International breweries.

Mr. POULIOT: Yes, International breweries, international shoe shine, international lunch counter, international beauty shop, international everything.

Mr. FULTON: International Nickel.

Mr. POULIOT: And we think we are doing better for mankind. No, sir. What was the slogan against which all the boys were fighting during the first war? They were fighting against the slogan "Might is right." They were fighting for the self-determination of peoples. I remember the fourteen points of President Wilson, and other declarations he made. It was for the emancipation of the world. When the last war started it was for the liberation of Poland. But what was the result of the second war? Now we accept as ours the slogan, "Might is right," and right is ignored. The right of the weak is the same as the right of the strong; otherwise there would be no right at all. Right is not a question of power; right is not a question of the number of men; right is not a question of the atomic bomb. Right must be justice, and justice shall be the same for the weak as for the strong, for the poor as for the rich. The acceptance of the theory of might against that of right is a simple negation of right.

I cannot understand how intelligent men can come here and be in favour of the disunited nations which parade as the united nations of the world. That is beyond my understanding. Ministers and members of parliament of all parties can take a boat or a train or an aeroplane to attend conferences and shake hands with Mr. So-and-So, the great Mr. So-and-So, the very great Mr. So-and-So, the super Mr. So-and-So. They come back and we have nothing in return. So much was this the case that on August 2 of last year, when the Prime Minister of Canada (Mr. Mackenzie King) was in Paris, he said, "We ask for nothing. We ask for no concessions." It was not surprising that after this statement the Big Five said to him, "You do not want anything. Stay at home." It was logical, because the Big Five are dividing the spoils among themselves. They have created an atmosphere of fear, fear of the atomic bomb, fear of the destruction of the world. If the world is destroyed it will be through the greed of the mighty of today. It was almost destroyed by the greed of the mighty of yesteryear.

When I think of that, Mr. Speaker; when I think of all the silly legislation that has been suggested by the united nations organization, which has gone nowhere, which has not accomplished anything, which is not able to settle reasonably the case of even one Italian town, the town of Pola, I also recall that we are to stand for their rule, that we are to subject ourselves to their government. No, sir; never. What is the propaganda? It has been to combat the idea of patriotism. Patriotism has been called names all the time. During the war it was called isolationism. The man who was a patriot was an isolationist; and afterwards we had lectures in Toronto about racial narrowness. There is a phrase which is well known; it is "petite patrie" or small country. Patriotism is born in the family. The man or woman within the family is amongst dear ones. Then there are the surroundings, the friends of the neighbourhood, those who live in the same place, those who live in the same county, in the same province and in the same country. Patriotism is the extension of Christian charity. The basis of patriotism is love of thy neighbour

and the assistance that is given by people who are close to each other and who try to help themselves. Is it a crime to love one's family? Is it a crime to love one's friends? Is it a crime to love one's own place, one's own county, one's own province and one's own country? But those who have spoken in that way have been pointed at and have been told they were no longer good citizens when they did not believe in the silly organization which is the united nations; an organization that has done positively nothing, that has cost millions of dollars in travelling expenses. Perhaps it has satisfied the personal feelings of some people, but nothing has been done for the good of the world.

Some ministers may laugh, but what I shall tell them will bring them to their senses. Only a few days ago a solemn warning was given to the world by His Holiness Pope Pius XII. He said that if peace is to come, it must come in 1947; otherwise it will be too late. When I think of that old man who is in the seat of St. Peter, the pilot of the Roman Catholic church, and all the worries he had during the war, worries that did not cease with V-E day and V-J day, I am ready to listen to his words of appeasement because they are uttered by one who makes no difference between races and who desires the happiness of the whole world. Well, sir, it is unfortunate to think that, after the little progress which has been made by the united nations, we still stick to it. I cannot understand that stubbornness. United nations is a mess. United nations is a false description of some so-called statesmen who are always fighting each other, who are speaking to each other with distrust; and we still believe in them. Who would accept the rule of Russia in this country? Who would accept the rule of the socialist government of Great Britain in this country? Who would accept the rule of the French government in this country?

Mr. DEPUTY SPEAKER: Order. I hesitate to interrupt the hon. member, but I must remind him that the legislation before the house is with respect to forces of the United States of America when visiting Canada. The purpose of this bill is to make provision for the discipline and internal administration of the visiting forces. May I suggest to the hon. member that he relate his remarks a little more directly to the principle involved in this bill?

Mr. POULIOT: Yes, sir. The reason I was making these remarks before you rose, Mr. Speaker, was precisely because the whole set-up of the united nations has disturbed the minds of people throughout the world. It is precisely the reason why we have legislation like this before us tonight. If the whole world had not been perturbed we would not have such legislation today. No one would have ever thought of it. But during the war, when a wish was expressed by Roosevelt, it was done. And when a wish was expressed by Churchill, it was the law of the land in Canada. That is not the way to govern this country. We cannot stand for any piece of United States legislation unless we know what it is, and unless we approve it formally. That is the way we ought to act.

Have we reached the point where we have become Yankeefied enough to take for granted everything that is done across the border? I remember that one of the brightest journalists in Canada, Judith Robinson, wrote some time ago during the war, in the *Quarterly Review,* a fine article in which she referred to some remarks made by an Australian professor in international law. He used to say on some occasions that the reason Canadians did not have time to be themselves was that they were always busy explaining to the Yankees that they were not English, and to the English that they were not Yankees. But it will be pretty hard to explain to the English that we are not Yankees if we accept blindly any legislation which may be passed at any time by the United States congress or by military authorities concerning the army.

I presume I have said enough to be well understood. I shall not speak longer at this time, but when we reach the committee stage I may have more to say about the matter.

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, I fear I cannot compete with the oratory of my old friend the hon. member for Temiscouata (Mr. Pouliot).

Mr. POULIOT: You are much better.

Mr. ST. LAURENT: I hope not.

Mr. GREEN: Furthermore, I cannot agree with his sweeping condemnation of the united nations. However I do suggest, through you, Mr. Speaker, to the members of the house that this bill brings up considerations which are far-reaching and which should be thought out carefully, not only by members of the house, but also by the Canadian people at large.

The bill, as we know, is entitled the Visiting Forces (United States of America) Act, and it is described as an act to make provision with respect to forces of the United States of America when visiting Canada and with respect to the exercise of discipline and to the internal administration of such forces.

This bill is carrying into peace time a war-time provision. We are now being asked to

enact in peace time a wartime provision; and if we do so it will be the first time a foreign nation has possessed in Canada in peace time the rights given by this measure.

I think it is worth while for us to go back a few years and consider just what position has been taken in Canada with respect to forces from other countries. First of all, I would refer hon. members to the Visiting Forces (British Commonwealth) Act, to which the Secretary of State for External Affairs (Mr. St. Laurent) also referred this evening, and which was passed in 1933. I presume it was passed as a result of the Statute of Westminster, to carry out the provisions of that statute. In effect, it gave authority to the officer of any troops from another nation of the commonwealth visiting Canada to discipline his troops.

But it was more restricted than the present bill in certain respects; for example, in section 3 there is provision that the officers are to have power only in matters concerning discipline and in matters concerning the internal administration of such force. There is no such restriction in the bill before the house tonight. It is true that such restriction appears in the description of the bill, and in one of the sidenotes, but it does not appear in any actual sections.

There are also several other differences between the act relating to the British commonwealth and this measure which relates to the United States. One of them is that provision is made for attaching troops from the force of one of the other commonwealth nations to the Canadian force. That is found in section 6, where provision is made for the temporary attachment of commonwealth troops to a Canadian force. But that provision is not found in the bill before us this evening, and I do not understand why it has been omitted. It does seem to me that if but very few United States troops are to come to Canada, they could be attached to Canadian units.

The next significant step was taken in 1938. Hon. members who were here at that time will recall that on July 1 the Right Hon. R. B. Bennett raised the question of Canada's having refused to allow airmen from Great Britain to come here and train. A most significant debate took place on that occasion, and I shall read to the house a portion of the statement made on that occasion by the Prime Minister (Mr. Mackenzie King). He took the position that for the British to send airmen here to train would be the equivalent of setting up on our shores a foreign military station.

[Mr. Green.]

I quote from page 4527 of *Hansard*, of that year, where the Prime Minister said:

> I must say that long ago Canadian governments finally settled the constitutional principle that in Canadian territory there could be no military establishments—

And, mind you, this was only to establish a training school for airmen.

> —unless they were owned, maintained and controlled by the Canadian government responsible to the Canadian parliament and people.

Then he went on to say:

> Such domestic ownership, maintenance and control of all military stations and personnel is one of the really indispensable hall marks of national sovereign self-government and an indispensable basis for friendly and effective cooperation between the governments of Canada and those of other parts of the British commonwealth of nations, including the government of the United Kingdom.

That was just nine years ago, in 1938.

> Outside its homeland a state may have military stations and quarter military personnel in countries which it "owns," in its colonies or "possessions," or in its mandated territories according to the trust deed, or in countries over which it has assumed or been yielded, by some arrangement, what amounts to a protectorate. But no country pretending to sovereign self-control could permit such a state of affairs or its implications and consequences. I need only add that what I have said has, of course, to be sharply distinguished from the case of actual war where a country may have to permit its partners, associates or allies to maintain, operate and control military establishments and forces within its territory, forced to do so by the actual strategic or tactical necessities and for the purposes, but only for the purposes, of the actual joint war.

That was in 1938. Then in 1939, the following year, the present Minister of Veterans Affairs (Mr. Mackenzie), who was then Minister of National Defence, announced that arrangements had been made by which British airmen might be brought to Canada to train. I am going to read to the house the terms under which they were to be allowed to come here. The minister is reported on page 3259 of *Hansard* of that year as follows:

> While the final detailed technical arrangements have still to be completed, it is possible to say now that agreement has been reached on a scheme whereby pilots from the United Kingdom will come to Canada to be given the intermediate and advanced stages of training—

These are the significant words:

> —under the auspices of the Canadian Department of National Defence.

Then the war came on.

Mr. MACKENZIE: Would the hon. member be kind enough to put on the record what the Conservative party said in this house at that time?

Mr. GREEN: If the Minister of Veterans Affairs wants to make a political issue out of this, then let him put it on himself.

Mr. MACKENZIE: Not the slightest.

Mr. GREEN: In the fall of 1939 war struck. Then in 1941 we find there was enacted what was called the foreign forces order. I ask the Secretary of State for External Affairs to correct me if I am wrong in citing any of these orders. I believe that was passed because we then had training in Canada nationals of various allied countries. For example, there were Belgians, Czechoslovakians, Norwegians, Poles, and soldiers from the Netherlands. That foreign forces order was in somewhat similar terms to the bill before us this evening. It mentioned specifically as foreign powers the nations to which I have referred, and then there was added this provision:

. . . and any other power which may be designated by order of the governor in council as a foreign power to which this order shall apply.

By the way, that order also was restricted to matters concerning discipline and internal administration. Then the United States came into the war and in 1943, by an order in council dated April 6 of that year, the foreign forces order was made to apply to troops from the United States, with certain variations. For example, they were not given the power to try cases of murder, manslaughter or rape, and there was a provision that they were to retain certain rights which had been guaranteed to them by an exchange of notes between the United States government and the Canadian government. Hon. members who are interested will find that set out in the last paragraph of the order in council.

Mr. ST. LAURENT: I know the hon. member will want to have his statement complete. The order extending the foreign forces order to the United States was officially repealed and replaced by order of December 20, 1943, which is the one under which the commanders of United States forces present in Canada actually operated during the war period and up to April 1 of this year.

Mr. GREEN: Has the minister the number of that order in council?

Mr. ST. LAURENT: It is P.C. 9694 of December 20, 1943.

Mr. GREEN: Then we come to days of peace, and we have the Prime Minister making his statement on February 12 of this year with regard to cooperation in defence matters between Canada and the United States. This will be found on page 346 of *Hansard*. The fifth principle which he then laid down reads as follows:

As an underlying principle all cooperative arrangements will be without impairment of the control of either country over all activities in its territory.

That is a somewhat sketchy background against which we can consider this bill. There are two sets of questions which should be answered by the Secretary of State for External Affairs or by the Prime Minister before we are asked to give second reading to the bill. The first set has to do with the terms of the bill itself, with our dealings with the United States. The second set has to do with the wider implications, with just how this measure and the policy under which it is enacted tie in with the united nations and our obligations to that world organization.

With regard to Canada and the United States, I put these questions: Is this provision fully reciprocal and have the United States on their statute books a bill which gives Canada the same rights that this bill gives to the United States? Are the United States forces to come here only for training purposes, or are they to come here to establish military posts, to set up what the Prime Minister described on July 1, 1938, as military stations, although at that time he was referring only to training schools for airmen?

Then what method is to be used to give United States forces permission to come to Canada. I think the Secretary of State for External Affairs made a significant and far-reaching statement this afternoon. He was asked what consent was necessary in order that United States troops might be brought to Canada, and he said that that rested with the governor in council. I asked him whether, if groups could come in, that applied also to divisions. If it applies to groups and to divisions, this means that the cabinet could invite into this country any number of foreign troops they saw fit to invite under the present law without any reference to parliament. Yet at the same time we have a limitation in our law that we can raise only 30,000 Canadian troops for any permanent army that we have.

There is a gap here that must be filled by legislation. Surely parliament should determine under what conditions foreign troops are to be invited to come to this country. The Secretary of State for External Affairs is a famous lawyer and there cannot be much doubt when he says that at the present time there is no restriction in our law against the cabinet inviting any number of foreign troops to this country they see fit. That is

something which I repeat should be decided by parliament, and parliament should give consideration to just what the conditions should be under which foreign troops may be invited to our shores.

Then I should like to know why we are not being asked to pass a foreign forces order rather than a United States forces order. If we are to have troops come here, we should not pick and choose in the bill. I doubt whether it is wise to have a bill applying to only one nation. We should have a foreign forces order that could, if deemed advisable, be applied to all nations.

Mr. POULIOT: All nations, great and small, not only the big powers.

Mr. GREEN: Yes. We hear a lot of talk these days about discrimination. I have heard a lot of speeches in the house in the last few weeks on discrimination and how united nations would get after us if we did not stop discriminating. But here is discrimination of the worst kind so far as other nations are concerned.

How permanent is this provision to be? There is no provision in the bill for a time limit. When this goes on the statute books of Canada it will have been a whole lot easier to put it on than it will be to take it off. It has no time limit, and if we try to remove it from the statute books ten years from now we are apt to provoke the United States.

The British, who have had great experience in matters of this kind, passed an act during the war to provide for United States troops being in Britain and for their control by United States officers. Members will find that act in the Public General Acts and Measures of 1942 of the United Kingdom, chapter 31. That act, in effect, makes valid the terms arranged between Great Britain and the United States in an exchange of notes. The notes are significant. I quote from the note to the United States. One provision is this:

> His Majesty's government propose that the foregoing arrangements should operate during the conduct of the conflict against our common enemies and until six months (or such other period as may be mutually agreed upon) after the final termination of such conflict and the restoration of a state of peace.

In other words, they put a time limit on the operation of the act. There is another provision in the British note for reciprocal treatment. It reads:

> I feel that Your Excellency will appreciate that the considerations which have convinced His Majesty's government in the United Kingdom that the interests of our common cause would be best served by the arrangements which they are prepared to make as regards jurisdiction over American forces in the United Kingdom would be equally applicable in the case of British forces which in the course of the war against our common enemies may be stationed in territory under American jurisdiction. It would accordingly be very agreeable to His Majesty's government in the United Kingdom if Your Excellency were authorized to inform me that in that case the government of the United States of America will be ready to take all steps in their power to ensure to the British forces concerned a position corresponding to that of American forces in the United Kingdom under the arrangements which His Majesty's government are willing to make.

In other words, they made an agreement with the United States on a fifty-fifty basis, each nation to have the same rights.

My final question with regard to this bill is this: What control will Canada have over the activities of these United States troops? That, I think, should be fully explained by the minister. So much for the implications as between Canada and the United States.

What about the united nations? Is this policy in line with the united nations charter? I believe that the objective of every thinking Canadian today is world peace. I believe, further, that practically every thinking Canadian is still relying on the united nations to bring about that world peace. I will not include the hon. member for Temiscouata (Mr. Pouliot), because obviously he is not. But I think the great majority of Canadian people still feel that if the united nations is not able to bring about world peace there will be no world peace.

Mr. POULIOT: They will have to change their manners.

Mr. GREEN: Yet, Mr. Speaker, to me personally—and I speak only for myself—it seems only too clear that there is a tendency for the world to divide into two great power blocs. Practically every day some move is made in that direction, and Canada is being drawn into that movement. Let me point out the dangers. There is more danger for Canada in a world war between two groups of powers than there is for any other nation on earth, because the two groups of powers are obviously the Russian and the American, and here our country lies between them. If the world divides finally into these two camps and there is a conflict between them, the chances are that it will be fought right here in Canada. This trend toward two great groups is setting the stage for a third world war, although our sons have been back from the last war, some of them, for only a little over a year; yet here we are in this position.

I suggest that the broad Canadian policy should be, rather than encouraging the build-

ing up of these two groups, for us to do everything possible to strengthen all the other nations, to equalize the power. Take, for example, the British commonwealth. It is so placed that it must be for peace. It must have peace to survive, and every effort by the British commonwealth is directed toward world peace. The same is true of the French empire. They must have peace, too, because their territory is so far-flung. I think the same is true of China.

Mr. MITCHELL: And the United States.

Mr. GREEN: I do not think the United States and Russia are under the same necessity of having world peace, because they cannot be got at as the British commonwealth and the French empire can. They are not so vulnerable.

Mr. MITCHELL: I did not mention Russia.

Mr. GREEN: Our aim should be to strengthen, not only the British commonwealth and France and China, but all the other nations, to try to have an equalizing of power.

Again, with regard to the united nations, if we are to have an arrangement such as is envisaged by this bill, why is that not done under chapter 8 of the united nations charter, which provides for regional arrangements?

Mr. ST. LAURENT: It is.

Mr. GREEN: Why not let us have it right out on the table and open and aboveboard. The first paragraph of the article reads as follows:

> Nothing in the present charter precludes the existence of regional arrangements or agencies for dealing with such matters relating to the maintenance of international peace and security as are appropriate for regional action, provided that such arrangements or agencies and their activities are consistent with the purposes and principles of the united nations.

Examples of such arrangements are the Australia-New Zealand agreement and, I think also the Arab league. These are two examples of regional arrangements.

Mr. SINCLAIR (Vancouver North): Russia and Albania; Russia and Yugoslavia; Russia and Bulgaria; are these examples?

Mr. GREEN: No.

Mr. SINCLAIR (Vancouver North): Well, our friends of the C.C.F. want Russia in.

Mr. MERRITT: Stand up, if you want to make a speech.

Mr. DEPUTY SPEAKER: Order.

Mr. GREEN: I have the floor now, and while I am always delighted to hear the hon. member for Vancouver North, the present moment is not the time or the place. I suggest that the Secretary of State for External Affairs should explain why this Canadian-United States arrangement to permit United States forces to come into our territory should not be drawn up in the form of a regional agreement and submitted to the united nations. I do not mean the bill only; I mean the whole agreement.

Mr. ST. LAURENT: Will the hon. member permit me to interrupt? It was not drawn up in the form of an agreement, but it was in the form of statements made simultaneously here and in Washington, and the statements were communicated to the secretary general of the united nations for communication by him to all the members of the united nations.

Mr. GREEN: What the minister is referring to is the statement made by the Prime Minister of Canada on February 12. I had in mind an agreement such as the Australia-New Zealand one. Frankly, I do not understand why the provision for allowing United States troops on Canadian shores was not made by treaty, and then the treaty endorsed by the house, rather than in the way the government is doing it. However I repeat that what I had in mind was an agreement such as the Australia-New Zealand one.

My suggestions to the minister are that he should explain the questions under these two categories. Perhaps it might be as well for the government to delay final consideration of this bill until complete information is given to the house. This House of Commons is comparatively inexperienced in dealing with foreign affairs. We have been doing it for only about seven or eight years.

Mr. MITCHELL: Judging from the speeches that we listen to sometimes, one would not think so.

Mr. GREEN: I do not know whether that is meant to be an insult or a compliment.

Mr. MITCHELL: Take it whichever way you wish.

Mr. GREEN: I take into consideration the source, my good friend the Minister of Labour. For the sake of ourselves as hon. members, and more particularly so that the Canadian people can thoroughly understand what they are being led into, I suggest that time should be taken for the consideration of this measure

Mr. WILLIAM IRVINE (Cariboo): I desire to say just a very few words on the bill now before us. No one could listen to the calm and reasoned speech of the hon. gentle-

man (Mr. Green) who has just taken his seat or to the splendid presentation of the case by the hon. member for Regina (Mr. Probe), without being conscious of the tremendous implications of the legislation now before us. It is true that in a way the bill seems innocent enough. It is merely to permit certain forces or military groups which come in by arrangement from the United States, to administer their own military discipline under our law. So far as the bill is concerned, that is practically all that it means. But the background which has been given by the two hon. gentlemen to whom I have referred does bring out the seriousness of the implications of this legislation.

Personally I would not object to the legislation if it were, as the previous speaker said, made universal and reciprocal with a view to carrying out the programme or policy of the united nations, having in view merely the protection of the world peace. If that were its objective, then I think the preamble to the bill should read differently. It should be an act to make provision with respect to foreign forces when visiting Canada, and not limited to any particular nation. But if the arrangements have been made between our government and that of the United States to bring military units or groups or units—I do not know just what the term is that is a better one to use after the discussion which took place about units—to come into this country, then it is only natural that they should be permitted to apply their own principles of discipline. But I want to go beyond that.

In the statement that the Prime Minister (Mr. Mackenzie King) made earlier in the session with respect to the matter, I understood him to say that any arrangements which might be made in this regard between the United States and Canada would be in harmony with the proposals of the united nations. If that is true, then there is no reason in the world why this should be limited only to the United States of America.

Reference has been made to the sad fact that the world is gradually being lined up into two great blocs. These blocs have been mentioned—the Russians with their satellites and the Americans with theirs. I think, sir, it is much too soon for us to identify ourselves with either. If there is to be any world peace, notwithstanding, shall I say, the tirade of the hon. member for Temiscouata (Mr. Pouliot) against the united nations, it will have to come through the united nations. I do not see how we can now align ourselves in the smallest degree with one of these blocs without being regarded by the other as being in a way to becoming their enemy, and thus we are by our action, however innocent we may be in taking it, putting ourselves in the position of blocking the peace of the world.

I also noticed that the minister in charge of this legislation brought to our attention the fact that it was within the powers of the governor general to invite friendly troops into this country. In time of war it is essential that the governor general, as the commander in chief, should have full authority over our forces, but in time of peace I do not think that it a very wise policy. All our policies for defence, all our policies which imply either peace or war in time of peace, while we have time to consider policy, should be considered and passed by this parliament.

I insist, so far as my voice goes, on that practice. We have sufficient time now to consider this and similar questions which have a bearing on the united nations and our hopes for the peace of the world. Let us then find our policy; let us debate it here; let us settle it and let us follow it, but do not leave these things to any individual, not even to the cabinet, unless they have first been passed by this parliament.

I do not know to what extent our government is committed to a policy of coordination of defence measures, practices and manoeuvres with the government of the United States. I presume that if we hope to be united in a united nations world police force to maintain the peace of the world, it would be a good thing for us to have the coordination and collaboration in matters of defence which the government appears to contemplate. But again I say that must be not a matter between us and some other single nation; it is a matter for the consideration of all the nations of the world. It must be done, not only in harmony with the strict law or the strict regulations of the united nations, but in harmony with the broad spirit of international action to maintain the peace of the world. If that is not so, then I for one would desire to register my objection to the present procedure. But if that is so, then I say again that we should not confine this privilege to one nation. I imagine, as the hon. member for Regina (Mr. Probe) said, that if we were now passing legislation which permitted British troops, French troops or Russian troops to come in here, there would be much objection from many countries and much objection from people in this country as well. Regardless of the fact that the United States is our great neighbour, and our friend with whom we have so much in common, I do not think we can presume to make a military policy with her alone when we have been committed to the principles of the united nations. Having regard, therefore, to the

important implications of this legislation in its bearing upon the future peace of the world, I think it would be well if this house should send it, in accordance with the amendment which has been moved, to the committee which has the right and authority of this house to consider matters of this kind, in order to give the members of parliament an opportunity to study it in all its details and in all its implications, so that we may be sure that we shall not now make a blunder which we may repent in a short time to come.

Mr. JAMES SINCLAIR (Vancouver North): I should like to make a few remarks which are occasioned mainly by those made by one or two of the opposition speakers. The discussion has centered, not on the principle of this bill because it seems to me the principle is recognized that if we are to have foreign troops in this country, then they should have some measure of control of their own troops and of discipline over them.

The debate so far has revolved around the principle of the admission of foreign troops. The stand taken by the opposition seems to be that this should be done not by agreement between this country and the United States of America, but by ratification of the united nations under the section for regional agreements. The thought which immediately leaps to my mind is that if Canada, a small nation, is expected to follow such a procedure, then it is certainly incumbent on the great nations in the united nations to do similarly. Yet I have not heard of Russia approaching the united nations and asking that sanction for the troops they now have in Albania, Yugoslavia, Hungary, Bulgaria and Roumania; I have not heard either of the United Kingdom in the past asking for approval for the troops they have in Greece; nor, now that the United States has taken over that task, have I heard of any request from the United States for such approval. Therefore, to expect us to set this shining example at this time in our relationship with our closest and most friendly neighbour is, I think, a little absurd. There is no doubt in my mind that the great bulk of the Canadian people welcome the closest and most immediate defence connections with our great neighbour to the south.

Mention has been made tonight of this great unprotected boundary between us. Certainly any enemy who attacks either Canada or the United States, obviously puts the other partner in a dangerous position. It is for that reason that we, without the sanction of the united nations, set up our excellent joint defence board. To the hon. member for Vancouver South (Mr. Green) who spoke tonight, I say that I am quite sure that ninety per cent of the people of Vancouver would give hearty accord to any plan whereby the troops of either of these two countries can visit freely for our joint defence. It is not a matter of distrust of the united nations. Far from it. When the great nations show a good example by putting forward such proposals for sanction of the united nations anywhere else, then that will be the time for us to ask for it. But until that time comes, we should put our own house in order first. People should remember what happened to Belgium. Belgium got a similar idea before the recent war, when they dropped the alliances they had in the hope that they would be safe. Their safety was no better in this war than it was in the last.

There is just one other thing I should like to say, and it is something which struck me forcibly during the speech by the hon. member for Regina. During the last one and a half years, I have been receiving over and over again from the Labour Progressive party clubs in my riding and from the communist-dominated unions of British Columbia these pious resolutions saying ,"Let us have joint control of the atomic bomb." The reason behind them is not the sentiment that there should be joint control. The thing is to give their Russian friends an insight and knowledge of the atomic bomb. You have only to hear the Labour Progressive party speakers in British Columbia to realize that. Now we are hearing the C.C.F. advocate what to me is an exactly similar thing. We are going to ask the united nations —that is, Great Britain, China, France and Russia—whether it is proper for us to allow United States troops into this country, with Russia having the power of veto. I tell the hon. member for Regina that he is playing the Russians' game when he suggests that to the Canadian parliament.

Mr. NORMAN JAQUES (Wetaskiwin): I do not think anybody can accuse me of internationalism.

Mr. MICHAUD: That is right.

Mr. JAQUES: I think I can say that I have said more against the surrender of Canadian sovereignty than all the rest of the members of this house put together.

An hon. MEMBER: What a man!

Mr. JAQUES: I have even made a number of trips to the United States and addressed great audiences there for the sole purpose of defending American nationalism and Canadian nationalism. In fact, only a week or two ago I was told that my nationalism was a menace—

Mr. HARTT: Hear, hear.

Mr. JAQUES: —because I stood for Canadian nationalism and loyalty; and no one was so critical as the leader or leaders of the C.C.F. They are the great internationalists, and to them nationalism is a crime. Yet tonight, when it suits their convenience, they tell us that we must not surrender any sovereignty for our own defence. I cannot help thinking that the underlying motive behind the opposition to this bill—I do not mean the details at all; I am discussing merely the general principles—is the same motive that was behind the criticism of the royal commission on espionage. That is my firm conviction. I make that statement only because I can say that above all other members of this house I have defended the sovereignty of Canada inside and outside this chamber, and I cannot be accused of ever wanting to make Canada cheap or to surrender her sovereignty in any shape or form. But we must accept the inevitable.

What is the situation? Geographically Canada occupies a position between the two greatest forces in the world today, not only the two greatest forces in armed strength, but the two greatest exponents of the two ideologies which at the present time divide the world. We cannot avoid that; we are like the nut in the nutcracker. Comparisons have been made with British troops, for instance, and troops of other countries. I do not think that is a fair comparison, because, as I have said, Canada is directly between our neighbours to the south and our neighbours to the north. Suppose war were to break out between those two countries, between those two ideologies. Certainly we can do nothing to prevent it; but in that case the United States could not possibly run the risk of leaving herself open to attack from the north. She would be bound to take advanced positions in order to defend her own territory. I do not think that can be contradicted; it is something we have to accept. In the old days, of course, one built a series of blockhouses along the frontier and one was very careful not to set foot over the boundary; but those days are gone. Today it is not a question of the earth; it is a question of the air, which knows no international boundaries. I say that in the event of war the United States would be bound to take whatever measures they thought fit to protect their own nationals and their own borders. Further, in the event of war, would any Canadian wish to load the balance against our neighbours to the south? I do not think so. I will challenge anyone to get up and say so. Therefore why should anybody be so much against the principle of this bill?

In what I am saying I am not accepting all the clauses of the bill. I think they should be thoroughly discussed in this house and, if necessary, modified. I am against the amendment at present before the house, for two reasons. The first is that as a member of the external affairs committee I know we already have more business than we can properly take care of. The second reason is that I believe a bill of this kind is far better discussed on the floor of this house, out in the open for all to hear what is going on. Committees do not get enough publicity; somehow, when the report is brought in, the house seems to have lost interest, and that is the last heard of the matter. I want it clearly understood that I am not by any means accepting every clause in the bill, but on general principles I support it and for these reasons I am against the amendment we are now discussing.

Mr. L. E. BAKER (Shelburne-Yarmouth-Clare): Mr. Speaker, I shall be brief in speaking on this bill, and as a matter of fact I did not intend to speak at all. I shall take a realistic view. I am not going to attack any of the previous speakers, because they are entitled to their own views. I am not a lawyer and I am not an idealist in the strict sense of the word. I am going to be practical. This is merely a bill to make provision with respect to forces of the United States of America when visiting Canada and with respect to the exercise of discipline and to the internal administration of such forces. It seems to me that is very simple. We all know that if there should be another war it will come upon us very quickly; one need not be a military man to realize that. We shall not have time to be passing acts of parliament and making special provisions to permit allied troops to come into our country. This is the time to make those provisions. We are not going to weaken our position with the united nations; we are going to strengthen it. I am tired of this business of appeasement. We saw what appeasement did. I do not want people to tell me about what happened in 1938. A lot of bad things happened then, so that we need not make any comparisons with that period. I do say, however, that we are very fortunate in having such a strong, friendly ally to the south, who is willing to see that no unfriendly power sets foot on Canadian soil, and we want to do everything we can to make it possible for those people to assist

us in time of need. We love this great country of ours, and if we love it we must be ready to defend it. We know perfectly well, as other hon. members have said, that in the event of another war Canada is liable to be the battle-ground. I am realistic enough about the matter to realize that, unfortunately, that will probably be so. All right; can we defend it by ourselves? No.

What is happening in the United States at the present time? They are making a great study to see what they may need by way of having conscription during peace time for military training purposes, and what their appropriation may have to be. We have not come to that yet. But I say: By all means, if they are willing to be ready to come to our assistance, let us not turn them down.

Do we want this country, or do we not want this country? If we do want it, then we should do everything we can to defend it. Do not worry about the united nations; all one has to do is to see what is happening in Hungary today. That is only one of many countries.

I will not take more time this evening. The principle of this bill—and after all, that is what we are debating—is all too simple. It is for the best interests of Canada; and I was much encouraged to hear what was said by the hon. member for Vancouver North (Mr. Sinclair).

Mr. L. W. SKEY (Trinity): Mr. Speaker, may I commence by saying that I feel the hon. member who has just spoken has made a real contribution to the debate. And may I add that undoubtedly a number of members in the house will welcome the Minister of National Defence (Mr. Claxton) to his place beside the Secretary of State for External Affairs (Mr. St. Laurent), because I am sure the Minister of National Defence will find much food for thought in what has been said this evening.

So far as I am concerned, I would remind hon. members that it was not long ago when the Minister of Labour (Mr. Mitchell) made a fine pronouncement in the house with respect to national defence when he said, as did the hon. member who has just spoken, that if one has something of value and will not defend it, he will lose it.

As we have heard, the policies of appeasement, of disarmament and of weakness followed between the two great wars are not policies understood by certain absolute powers in the world today. Therefore we can only make that choice of defence policy which has been recommended to us from as far back as the days of George Washington. His views have lately been underlined by great commanders of the United States forces in the last war, including General Eisenhower, General Marshall and General Arnold. They have said, and have written in their reports, that there is no peace or security through weakness.

In my view this measure follows the right course at the present time. I know that every man and woman in Canada, and perhaps in every other country of the world, holds in his or her heart the hope of world-wide peace for generations to come. If we must have a police force now, to protect this peace, then I say, let us have it.

The time factor in war is all-important. Surprise, the power of weapons and the aggressive megalomania of some men in absolute control in undemocratically governed countries all add to the factors today which can bring sudden and absolute war involving not only the armed forces of the powers in this world, but every man, woman and child in our defenceless cities.

Therefore I say Canada today should take all the means she can, and should do what she considers reasonable to defend her boundaries, in the hope that the time will come—and I am sure all men and women throughout the world hope it will be soon—when we may see a disarmament policy which will encompass all nations of the world, and when we have decided to live and to trade peacefully one with the other.

In this bill I see none of the evil or far-reaching implications expressed by socialist members in the house. It is to me an innocent measure to implement the continued friendship and cooperation of our two peace-loving nations. In my view the socialist approach to this problem of national defence is as impractical as their approach to prosperity. It rules out the human factor, in both instances.

I should like also to agree with what has been said by the hon. member for Vancouver South (Mr. Green), that the government has not given us or—

Mr. KNOWLES: How can you do that? Are you a socialist?

Mr. SKEY: Well, if you will wait a minute, I will tell you.

Mr. MACKENZIE: Keep quiet and let him speak.

Mr. KNOWLES: Well, well!

Mr. MACKENZIE: Yapping all the time.

Mr. SKEY: The policy of the Progressive Conservative party in parliament has been one which, in all cases, has supported the full development of Canada's defence forces within our national means, and the full implementing of an intelligent national defence policy. That is what the hon. member for Vancouver South has asked for. I will admit, for the most part we have had most impractical and vague explanations from the government, surrounded in secrecy at times. They have not quite forgotten their war mentality. However we are slowly persuading them, and I am sure that in the end we shall get the answers to our questions and perhaps, in a small way, be able to assist them in their endeavours properly to organize the armed forces of Canada. We do, of course, deplore the fact that the government have not done better.

As I was saying, the hon. member for Vancouver South has asked that the house and the people of Canada be given a clear view of the whole defence policy. I hope that the Secretary of State for External Affairs, ably assisted by the Minister of National Defence, will take his words in good faith and come before the house with a proper explanation of the safeguards and the implications in the bill, and how the government intends to implement the measure.

I shall not deal longer with the bill, except to say that if such a policy is implemented by the Canadian government it is my personal hope that our Canadian defence forces will be so organized, equipped and commanded that, in company with their United States friends, they may take a full part in all the peacetime military manoeuvres and defence exercises which the joint staffs may agree will be useful for the defence of our country and the continuing efficiency of our defence units.

Hon. BROOKE CLAXTON (Minister of National Defence): Mr Speaker, with a lot of what the hon. member for Trinity (Mr. Skey) has said, I, I think like most hon. members in the house, find myself in complete agreement. In the first place, in considering a measure of this kind we ought to ask ourselves whether we are in favour of working with like-minded countries. If we are to work with like-minded countries, then we should be prepared to extend to them, on a totally reciprocal basis, the same rights, opportunities and obligations as they extend to us. From the reports which I have had from those who have studied this matter and which I have checked I am persuaded that what we propose to give in this bill has already been extended to the forces of Canada should they be in the United States.

[Mr. Mackenzie.]

Some questions have been asked by hon. members, such as that by the hon. member for Nanaimo (Mr. Pearkes) with reference to reciprocity. I think the answer to that is to be found in public law 384 of the 78th congress. It is chapter 326, second session, H.R.3241, an act to implement the jurisdiction of service courts of friendly foreign forces within the United States, and for other purposes. After dealing with the definition of friendly foreign forces' service courts in the United States, the act goes on to state, in section 2:

Upon a specific or general request of the officer commanding any friendly foreign force, having service courts of appropriate jurisdiction within the United States, it shall be lawful for any person in the civil, military, or naval establishments of the United States having authority to arrest, summarily any member of such force designated in such request and to deliver him to the custody of any officer of such force or to the custody of the military or naval authorities of the United States who shall deliver him forthwith to the custody of an officer of such force, for trial in such service courts within the United States for such offences as shall lie within the jurisdiction of the service courts of such friendly foreign force: Provided, that the trial of any member of such friendly foreign force for an offence against a member of the civilian population shall be in open court (except where security consideration forbids), shall take place promptly in the United States and within a reasonable distance from the place where the offence is alleged to have been committed, for the convenience of witnesses.

Mr. GREEN: What is the definition of friendly foreign force in that act?

Mr. CLAXTON: It is given in paragraph (a) of the first section as follows:

"Friendly foreign force" means any military, naval, or air force of any friendly foreign state with respect to which this act is operative by virtue of a presidential declaration as provided in section 6 of this act.

Under section 6, this proclamation was given:

Proclamation 2626

Service Courts of Friendly Foreign Forces within the United States by the President of the United States of America

A Proclamation

Whereas the act of June 30, 1944, Public Law 384, 78th congress, entitled "An act to implement the jurisdiction of service courts of friendly foreign forces within the United States, and for other purposes," provides in part as follows:

Then is quoted section 6 of the act. The next preamble reads:

Whereas there are within the United States military, naval, or air forces of the United Kingdom and Canada, co-belligerents:

After several preambles it states:

Now, therefore, I, Franklin D. Roosevelt, President of the United States of America, acting under and by virtue of the authority vested

in me by the said act of June 30, 1944, do find and declare that the powers and privileges provided in that act to implement the jurisdiction of courts martial or other military tribunals of friendly foreign forces within the United States are necessary for the maintenance of discipline of the military, naval, or air forces of the United Kingdom and Canada within the United States.

In witness whereof, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

Done at the city of Washington this 11th day of October, in the year of our Lord nineteen hundred and forty-four and of the Independence of the United States of America the one hundred and sixty-ninth.

Franklin D. Roosevelt.

The countries to which that was made applicable were the United Kingdom and Canada in respect of their military, naval and air forces. Our information is that that law is still in force in the United States.

Mr. GREEN: It is a general act which can be applied to any nation?

Mr. CLAXTON: Yes, and it has been applied to the United Kingdom and to Canada.

Mr. HAZEN: Is the jurisdiction of the United States civil courts taken away under that act?

Mr. CLAXTON: I am not an expert in United States civil or military law, but I should think it was at least arguable that any offence which lay within the jurisdiction of the service courts of such foreign forces would be an offence with respect to which the jurisdiction of the United States civil courts might be taken away. I am not sure about that, but that is something which we do not ask for under the present bill. What we ask for is that jurisdiction in respect of service offences under the United States military law shall be given to United States military courts. Under the law in the United States, which I am informed is still in force, jurisdiction in respect of military offences, which would be given to United States service courts under our bill, has already been given to Canadian service courts.

Mr. COLDWELL: Has that general act which was passed in 1944 been extended to other countries besides the United Kingdom and Canada?

Mr. CLAXTON: I am not informed on that, but I did make inquiries as to whether it was still in force in respect of Canada, so that we might be able to assure this house that there was complete reciprocity in regard to the provisions of the law which we are seeking to have passed. I was informed that that was the case. We are endeavouring to extend in respect of service offences and offences in respect of which either the Canadian courts have had no jurisdiction or in respect of which we were willing to give up jurisdiction, just the same jurisdiction as had already been extended in respect of similar offences by Canadian personnel in the United States.

Mr. GREEN: Is there any reason why Canada could not have a general law which could be made applicable to the different nations?

Mr. CLAXTON: At the present time, apart from the commonwealth countries and the United States, there is no other country in respect of which we have such relations. Would you like to have us extend such a law to XYZ countries? We have already extended the provisions of our law to the United Kingdom and all commonwealth countries. If hon. members would like to see it extended all around the world, let them name their countries. We think it is a good thing to work along with people who have like-minded notions about law, order, military law and defence. Consequently this law is proposed to extend into the peacetime period cooperation as announced by the Prime Minister (Mr. Mackenzie King) in his statement of February 12, 1947, which I think had the unanimous assent, acquiescence and support of members of the house.

Mr. GREEN: It was never considered by the house.

Mr. CLAXTON: I did not hear any objections to it in the house or from any quarter in Canada—not a single word of objection to it.

Mr. COLDWELL: There was no opportunity to object.

Mr. CLAXTON: Four months have passed since that statement was made by the Prime Minister, and I have not heard any objection to it by any Canadian in this house or outside, in the press or otherwise. I do not think there is any other declaration of Canadian policy which received so much assent from the Canadian people.

With regard to the other question which hon. members have in mind, as to what is the relationship with the United Kingdom, I should say, first of all, that we have extended exactly the same privileges, if they can be called privileges—I think they are just ordinary working arrangements—to the United Kingdom and the other commonwealth countries. Also the United Kingdom herself extended the same kind of relationship with regard to United States forces in the United Kingdom. That was done by the Allied Forces

Act of 1940, chapter 51, 3 and 4, George VI, which was supplemented by another enactment, the United States of America Visiting Forces Act, 1942, 5 and 6, George VI, chapter 31.

Mr. GREEN: That expired six months after the war.

Mr. CLAXTON: I am informed that it is one of the things which has been carried on.

Mr. GREEN: I had the act here tonight.

Mr. CLAXTON: I may have been misinformed, but I am sure that similar privileges will be extended as they may be needed in the interests of those who seek peace.

I have no feeling about this bill Mr. Speaker, except that it seems to me, from the ordinary concept of cooperation, to be along the lines of the declaration of the Prime Minister of this country and the President of the United States on the 12th of February, 1947. This is the kind of thing which makes such arrangements workable and sensible. There is no surrender of Canadian sovereignty, because we reserve to ourselves and to our courts complete control over civil offences unless we ourselves give up that control in respect of a specific offence. Also there is no surrender of Canadian sovereignty in respect of cooperation between our country and that of our friendly neighbour to the south, because under the terms of the Prime Minister's declaration it was provided in paragraph 5:

> As an underlying principle all cooperative arrangements will be without impairment of the control of either country over all activities in its territory.

Then at page 346 of *Hansard* of February 12, 1947, I read this from the Prime Minister's statement:

> It has been the task of the governments to assure that the close security relationship between Canada and the United States in North America will in no way impair but on the contrary will strengthen the cooperation of each country within the broader framework of the united nations.

This declaration by the President of the United States and by the Prime Minister of this country given in the United States and in this house on the 12th of February is a statement that has been filed with the united nations. I do not think anyone who has studied the charter of the united nations would suggest for one second that it contravenes the charter either in letter or in spirit. This is the ordinary kind of working relationship that it is necessary to provide for close cooperation in matters of common defence in regard to our common interests. It gives nothing away of our sovereignty; it gives nothing away of our control of our own civil procedure or of our criminal procedure. It provides the machinery under which the United States forces which may be in Canada by our consent will be permitted to control their own forces in exactly the same way that any Canadian forces in the United States may be permitted to control their own forces by the consent of the United States.

Mr. C. C. I. MERRITT (Vancouver-Burrard): Mr. Speaker, I think it is a very good idea that members should air their views on this subject in this debate. I quite agree that this bill is administrative only and in its contents is perfectly innocuous but I think it has behind it quite serious implications which, so far as I know, have never before been discussed by the house. Possibly these implications have never been discussed under a parliamentary system such as ours before in history in time of peace. Consequently I have been very much interested in listening to the debate, and I have not been a bit surprised to hear such divergent views expressed from different quarters of the house, ranging all the way from those who take a very dim view of the whole procedure to those who sit to your right, Mr. Speaker, some of whom I thought took altogether too light a view of what was involved here and who should clothe their realism with a little bit of consideration.

There is no one in this house who does not want defence cooperation with the United States of America. There is no one in this house who does not realize how essential that is to the security of Canada. I think we are all agreed that that cooperation should be carried on as smoothly and as effectively as possible, that it should be worked out smoothly and effectively and in such a way as to cause as little friction as possible.

There are two points I want to discuss first of all. One is very short. The Minister of National Defence (Mr. Claxton) a few moments ago stated that there had been no disapproval of the Prime Minister's statement to the house of February 12. What did he expect? Surely he did not expect disapproval of that statement?

Mr. CLAXTON: I certainly did not.

Mr. MERRITT: No, and none was offered, and none is being offered now. But as the hon. member for Nanaimo (Mr. Pearkes) has pointed out there is here something considerably beyond the words used in the statement of the Prime Minister (Mr. Mackenzie King) of February 12. There was nothing in the Prime Minister's statement which suggested the principle that the Secretary of State for External Affairs (Mr. St. Laurent) enunciated

to the house just before six o'clock, that the government of Canada, without reference to parliament, could invite into Canada an unlimited number of the armed forces of a foreign power. That is the essential point which has been raised by the introduction of this bill, and it is well that the house should discuss it fully.

I suggest that the point for our consideration is not the legal aspect of this bill at all, but rather this important question. What limit, if any, should parliament place upon the right of the executive to invite foreign forces to Canada in time of peace? That is the new question which is being posed to the house for the first time. I say at once that I can see many circumstances in which it would be a useful thing for Canada so to invite such a foreign power.

Some hon. MEMBERS: Oh, oh.

Mr. MERRITT: I want to ask you, Mr. Speaker, whether the hon. member for Fraser Valley (Mr. Cruickshank) was, first of all, invited into the house tonight in the apparel he is wearing, and, second, if he will exhibit his right leg, because I want to find out if he is wearing his skean dhu, and so is "bearing arms", under this bill.

Mr. CRUICKSHANK: A good representative of Scotland would be proud to have United States troops in here at any time to join with us in welcoming Maurice Chevalier of France.

Mr. MERRITT: Before the house applauded —I thought the applause was directed at my speech, but I now find it was directed entirely in a different direction—I was saying that the important point we were discussing was the limit, if any, which parliament should place upon the power of the executive to invite a foreign force to this country. I went on to say that I could see many circumstances in which it would be in our interest so to invite such a force. I am not suggesting that there are no conditions under which such an invitation should be extended, but I am anxious that this matter be thoroughly discussed because it is a grave departure from our practice heretofore. It is a very great departure, as the hon. member for Vancouver South (Mr. Green) has shown, from the most definite words used by the Prime Minister, when he rejected almost with scorn, to one who reads those words now, the idea that a sovereign country like Canada could possibly accept for training British airmen.

Mr. CLAXTON: Not at all, if I may interrupt my hon. friend. Long before the statement which he alleges the Prime Minister made, which has been sufficiently explained to this house before, we already had an act which gave to the forces of the United Kingdom exactly the same kind of privileges which we are now seeking to extend to the forces of the United States. They are two totally different questions.

Mr. GREEN: Why did you not let in the British airmen?

Mr. CLAXTON: We certainly did let them in; they were very glad to come, and went out of here in great numbers, and it was a great effort by Canada.

Mr. GREEN: After the war started.

Mr. MERRITT: I do not know, Mr Speaker, if the Minister of National Defence was in the house when the hon. member for Vancouver South read the words which he says I allege the Prime Minister used on July 1, 1938. If he had been I do not think he would have suggested that I was not quoting accurately.

Mr. CLAXTON: I have heard this quotation since 1938, and I do not think anyone in Canada has any misunderstanding about that, namely, that training in Canada—

Mr. GREEN: They certainly have not.

Mr. CLAXTON: —will be controlled by Canadians.

Mr. MERRITT: The minister also went on to say that he thought these words had been satisfactorily explained to the house on many occasions. I want to tell him that, for my part, they have not been satisfactorily explained.

Mr. CLAXTON: If I used the word "explained", I should like to change it to the word "stated".

Mr. MERRITT: I doubt very much whether they could be satisfactorily explained to me.

Mr. ST. LAURENT: That is quite possible.

Mr. MERRITT: However I did not mean to get off on that subject.

Mr. CLAXTON: Why did you?

Mr. MERRITT: What you said led me onto it. If I might quote the Prime Minister on another occasion, at page 2423 of *Hansard* of May, 1939, he said that on these matters of peace and war and defence it was for the government to recommend and for parliament to decide. May I say that I much prefer his

words then to his words of the year before, and they might commend themselves to the house in this debate.

On February 12 the Prime Minister made an announcement of joint defence with the United States, in which he suggested that there would be exchanges of selected individuals and observers between the two countries for work in training and in experimental establishments, particularly in connection with cold weather. This evening the Secretary of State for External Affairs, in dealing with this bill, made it perfectly clear to the hon. member for Nanaimo that he had not under contemplation any extension of the doctrine enunciated by the Prime Minister on February 12. I am perfectly aware that in matters of this kind we want the most flexible kind of check on the power of the executive to invite foreign forces into the country. I am well satisfied with the statement of the Prime Minister on February 12. If that kind of cooperation is envisaged, and that kind only, the kind necessary for coordination of training and joint training in the use of weapons and of all these things which are necessary in order that we may get the greatest benefit out of our proximity, I would be satisfied with this bill and with the policy that was enunciated. For my own part I am not here to suggest that we should put any rigid checks of any great magnitude upon the power of the executive to give such an invitation; but I do want to suggest to the Secretary of State for External Affairs a flexible check, if I may call it so, upon the exercise of this power by the governor in council.

I suggest that the government will be ill-advised to extend the doctrine of February 12 beyond what it states and to invite into Canada any operational forces or any large forces for training purposes without prior reference to parliament. If the house can be assured that no foreign forces of significant size would be invited in until this house is apprised of the fact that that is to be done, then I would feel that parliament had discharged its duty. I say that in this case, because I myself should like to see the smoothest system that could be devised to continue the system of joint defence. As I have said, that cooperation is absolutely essential to our security. Nevertheless this house has grave responsibilities toward the people of this country, and none so grave as that of seeing that our sovereignty remains perfect and that our status as a nation, of which we are so proud, remains inviolate. We cannot see this new departure in policy introduced—

Mr. CLAXTON: There is nothing new about it whatever.

[Mr. Merritt.]

Mr. MERRITT: —without impressing upon the government their duty to keep the house informed on this subject.

I wish for one moment to deal with the amendment of the C.C.F. and to say a word about the suggestion of the hon. member for Regina (Mr. Probe) that the united nations should be consulted before any such step as this is taken. I do not agree with the hon. member for Regina in that suggestion. I fear that if Canada has to run to the united nations before she makes a friendly arrangement with a great and friendly foreign power, there is danger that our liberty of action may be too seriously curtailed. I do not believe that we must follow the principle that Canada can take no step in external relations without reference to the united nations organization. Canada is a great supporter of the united nations organization; but, as I see it, Canada should influence the united nations for good by taking part in its councils, but should not at any time become the mere object of directives from that organization. For that reason I cannot agree with the hon. member for Regina in his suggestion.

Having said so much about the parliamentary limit which we could place upon the policy of the executive in inviting foreign forces into the country, may I say another word upon a limit which is much more important to me; that is, the practical and real limit which we could place upon any such invitations. The extent to which we may require to invite foreign forces into our country to share with us our task of defence will be limited by the extent to which we are prepared, reasonably, to defend ourselves. When I see this change in the policy of the government between 1938 and today in connection with this kind of invitation, I wonder why I do not see the same change in policy reflected in our own defence forces. It seems to me that Canada has not had, since the end of the war, any defence policy, and that may have a serious bearing upon the extent to which we may be obliged to take advantage of this power of invitation. I wish to read what the present Minister of Finance (Mr. Abbott), who was then Minister of National Defence for the army, said on October 16, 1945. He was talking about the permanently employed active force, and he said this at page 1135 of *Hansard:*

> 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.

We know now that we have not 20,000, much less 25,000 in all ranks in our active force. It seems to me that the safest limit we can place upon this new policy, which none of us, I suppose, wholly likes, would be to get rid of the interim force idea, get rid of the idea that we must wait until the security council gives us our task before we determine what our own defence forces will be, and get back to that principle which was laid down as long ago as the imperial conference of 1923, and which was referred to by the present Minister of Veterans Affairs (Mr. Mackenzie), when he was Minister of National Defence in 1939, "The primary responsibility of each portion of the empire is for its own local defence."

I simply wish to say, in conclusion, that if Canada does the maximum within her power to secure her own local defence, without help from outside our borders, our sovereignty will be secure, even though we may want the additional cooperation of other friendly powers. But if Canada should ever do less than the maximum within her power for her own local defence, and if she should ever rely on foreign forces to carry out her own share of that defence, then our sovereignty will be really challenged, not by the presence of the foreign forces, but rather by our failure to do all that we could do for ourselves.

Mr. VICTOR QUELCH (Acadia): We in this group favour any steps that are essential for the defence of Canada. Above all things, we believe that at a time like this Canada should be kept strong. We realize, of course, that the destiny of Canada and that of the United States are closely interwoven, if for no other reason than the geographical one. On the other hand, we do not agree with those who are continually trying to give the impression that there are only two great powers in the world today. We believe that there is a third great power, the British commonwealth of nations. Furthermore, we believe that the British commonwealth of nations can do a great deal to help maintain peace in this world if only the members of that commonwealth remain true to themselves and true to it. We do not agree with those people who are continually trying to emphasize the fact that another war is inevitable. Some not only appear to think that; actually they seem to hope another war will occur between two of the great powers of the world. We have had the advice of men such as Eisenhower, who has told us that, in his opinion, Russia wants peace. We know the United States wants peace, and therefore we feel that if the British commonwealth of nations not only remains a great power but becomes a greater power it can be a tremendous force toward helping maintain peace between the other two great powers, Russia and the United States.

We feel, especially after listening to the Minister of National Defence (Mr. Claxton) that it would be a good thing to send this bill to committee, in order to obtain a better understanding of all that it may imply.

Mr. ARCHIBALD: May I call it eleven o'clock, Mr. Speaker? I move the adjournment of the debate.

Some hon. MEMBERS: No.

Mr. DEPUTY SPEAKER: I declare the motion lost.

Mr. H. G. ARCHIBALD (Skeena): I should like to contribute just a few words to this debate. At the outset, I may say quite frankly that I do not like this bill; I have no sympathy at all with it. I do not like the way in which the government is bringing it into operation. I can remember that when the news first came out a month or so ago we were told that it was to be an agreement concerning meteorology, for the study of weather and so on. When we tried to discuss it on the floor of the house; at least when I tried, I was ruled out of order. Now we have thrown at us the fact that the Americans wish to have and apply their military laws here in Canada. I believe that this method of bringing in their military law is much like the story of the camel getting his head into the tent; before we are through, the whole works will be in. It is not a case of being friendly or unfriendly to the United States, but at the present time we have that country carrying on a one-man stand fighting for a method of trade with which the rest of the world does not agree.

I should like to point out that the attitude of Great Britain in world trade affairs, which is the basis of all wars, is altogether different from that of the United States. Britain is promoting friendly relations and friendly trade pacts with Russia, for example, and with such countries as Poland. The United States may be peace loving, but at the present moment it is carrying on an economic war which, if continued to its logical conclusion, will wind up in actual warfare, and we do not want to see that happen. As pointed out by the hon. member for Acadia (Mr. Quelch), there is a third method, which is being pursued by Great Britain. Already in the press reports it can

be seen that the tension between Great Britain and Russia is easing, while the tension between Russia and the United States is increasing. It is all very well to say that we should go with like-minded peoples. Yes; we get in with them, and the first thing we know we shall be with them in their fight right up to our neck. I had personal experience with United States personnel up in Prince Rupert during the war, and some of it was not so good. If you take our standards of education, they are far ahead of those in the United States. You give these people power to judge their own personnel; you say that if they infringe Canadian laws they will be tried by Canadian courts. That is all very well, but once the M.P.'s get hold of their own men, it is difficult to get them back into our own courts.

Now may I move the adjournment of the debate, Mr. Speaker?

Motion agreed to and debate adjourned.

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

Thursday, June 5, 1947

The house met at three o'clock.

HUMAN RIGHTS

CHANGE IN PERSONNEL OF JOINT COMMITTEE

Right Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved:

That the name of Mrs. Strum be substituted for that of Mr. Jaenicke on the special committee on human rights and fundamental freedoms.

Motion agreed to.

VETERANS AFFAIRS

SITUATION OF CERTAIN RETURNED SOLDIERS IN MONTREAL—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. G. S. WHITE (Hastings-Peterborough): Mr. Speaker, I desire to ask leave of the house to move, seconded by the hon. member for Souris (Mr. Ross), the adjournment of the house under standing order 31 for the purpose of discussing a definite matter of urgent public importance, namely the position in which some 500 veterans of the city of Montreal now find themselves after having used their gratuities and reestablishment credits for the purchase of motor cars to be used as taxi-cabs and in the formation of an association known as the veterans' taxi owners association of Montreal, which was organized and directed by one Leopold Ferland, while an official of the Montreal office of the Department of Veterans Affairs, in such a manner that the veteran members are in grave danger of losing both their gratuities and reestablishment credits and thereby their opportunity of becoming reestablished and rehabilitated into civilian life.

Mr. SPEAKER: I want to express my thanks to the hon. member for being kind enough to send me a copy of his motion a few minutes before I entered the house. I have considered the motion of the hon. gentleman to adjourn the house in order to discuss the position in which 500 veterans of the city of Montreal now find themselves after having used their gratuities and reestablishment credits for the purchase of motor cars to be used as taxi cabs and in the formation of an association known as the veterans' taxi owners association of Montreal, which was organized and directed by one Leopold Ferland. I would remind hon. members that, according to standing order 31, when an hon. member asks for the adjournment of the house to discuss a matter of urgent public importance the idea is to adjourn the house in order to give an opportunity to the house to debate the matter and find ways of relieving the situation. It is not so much the urgency of the question which should enter into consideration as the urgency of the debate on the question. The matter which the hon. member wants the house to discuss is actually before the courts of Montreal. The matter is *sub judice,* and all hon. members know that a matter which has been referred to the courts should not be discussed in the house. I am sorry, but I cannot accept the motion of the hon. member.

Mr. WHITE (Hastings-Peterborough): I understand that Your Honour has ruled my motion out of order on the ground that the matter is before the courts?

Mr. SPEAKER: I am sorry to interrupt the hon. member. According to the rules, the Speaker may refuse a motion to adjourn the house if he believes that the matter to be considered is not urgent for debate. I do not rule it out of order but, as has been done in the past, I do not think there is any urgency for debate since it is before the courts.

Mr. WHITE (Hastings-Peterborough): When Your Honour spoke a moment ago I understood you to say that the motion was out of order because the matter was before the courts. If the motion is ruled out of order on that ground, then I should like to rise to a point of order.

Mr. SPEAKER: I have already said to the hon. gentleman that in those cases where the Speaker decides that the matter is not urgent—

Mr. WHITE (Hastings-Peterborough): I only want to be clear. Do I understand that my motion is ruled out on the ground that the matter is not urgent, or is it ruled out on the ground that it is before the courts?

Mr. SPEAKER: The hon. member knows very well that the decision of the Speaker is not debatable. If it is the desire of hon. members to appeal from the decisions of former Speakers who have ruled that when the Speaker refuses a motion to adjourn the house because there is no urgency, there is no appeal, they are free to do so.

Mr. WHITE (Hastings-Peterborough): I do not know yet on what ground you have ruled it out.

Mr. SPEAKER: I have tried to express myself clearly.

Some hon. MEMBERS: No.

Mr. SPEAKER: I have suggested that if hon. members believe that they should appeal my decision, they are free to do so.

Mr. GRAYDON: May we have the reasons for your decision before the appeal is directed?

Mr. SPEAKER: I do not see any reason for saying anything more. I said that the motion could not be accepted because I do not see any urgency, since the matter is before the courts. It is well known, especially to lawyers, that when a case has been referred to the courts it is *sub judice* and should not be discussed.

Mr. WHITE (Hastings-Peterborough): On a point of order—

Some hon. MEMBERS: Order.

Mr. WHITE (Hastings-Peterborough): I understand, Mr. Speaker, that you have ruled me out of order on the ground that the matter is before the courts. My point of order is this: had I been allowed to proceed with the motion I would not have referred to any proceedings that might be before the courts. The only matter to which I would have referred is the administration of the Department of Veterans Affairs, which certainly is not before the courts, and the actions of an official of that department.

Mr. SPEAKER: Order. I wonder if I should add anything to what I said a few minutes ago. I still insist that the motion of the hon. member that the position in which 500 veterans of the city of Montreal now find themselves after having used their gratuities and reestablishment credits for the purchase of motor cars to be used as taxi cabs and in the formation of an association known as the veterans' taxi owners association is a matter before the courts at the present time. I do not accept the motion and I will ask the house to proceed with its business.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

HOUSING ENTERPRISES LIMITED

Mr. NICHOLSON:

Of the 643 housing units completed by Housing Enterprises of Canada, how many rent at (a) $40 per month; (b) more than $40 but $50 or less; (c) more than $50 but $60 or less; (d) more than $60 but $75 or less; (e) more than $75 but $85 or less?

Mr. McILRAITH: As of April 30, 1947: (a) 9; (b) 506; (c) 124; (d) 4; (e) nil.

PENSION COMMISSION—MONTREAL OFFICE

Mr. CAOUETTE:

1. Who is in charge of the office of the Canadian pension commission at 379 Common street, Montreal?
2. What is his annual salary?
3. What are his duties?

Mr. MACKENZIE:

1. The senior pension medical examiner for the Montreal district, Dr. Allan Edgar Thompson.

2. $5,040.

3. He is the representative of the commission in the Montreal district. As such, he is responsible for the medical examination of all pensioners and applicants for pension; obtaining special reports and other related information when indicated; diagnosis and written description of the disease or injury, and estimating the assessment of degree of disability; and such administrative and other related duties as may be required by the commission.

S.S. "EMPEROR"

STATEMENT OF MINISTER OF TRANSPORT ON STRANDING AND SINKING OF VESSEL IN LAKE SUPERIOR ON JUNE 4

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I wish to call the attention of the Minister of Transport to the S.S. *Emperor* disaster on lake Superior the day before yesterday and to ask what action has been

taken to have an inquiry held by the wreck commissioner. I refer the minister to what has appeared in the press of yesterday and today from Port Arthur. There are no aids to navigation or life-saving stations on the great lakes. In 1928 I brought up in the house the necessity of providing aids to navigation and life-saving stations for the protection of life on the great lakes. We have to rely on United States life-saving stations, as in the disaster to Canadian seamen on this lake in 1928. I should like to know what action is being taken.

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, I do not know whether the hon. gentleman has read the report of the accident, but if he had I am sure he would not have asked that question, at least not phrased in the manner in which it was. I expected that one such question would be asked today and I have prepared a statement.

The S.S. *Emperor* left Port Arthur about 11.30 p.m. on June 3, eastward bound, loaded with ore. In the early hours of the morning of the 4th, at approximately five o'clock she struck Canoe rocks, a submerged rock reef three and a half miles west of Blake Point light, Isle Royale, lake Superior, and broke in two.

According to the information at present available, two boats were lowered, one of which was swamped when the steamer went down.

The United States lighthouse tender *Kimball,* which was in the vicinity, received the distress signal from the *Emperor* at 5.15 a.m. and arrived at the scene of the casualty at 5.50 a.m., or about thirty-five minutes after the distress signal was picked up. Though exact information as to weather visibility at the time is not yet available, it is understood that the weather was good, and that the sea was comparatively smooth. The *Kimball* rescued twenty-one survivors and recovered the body of a woman. They were taken into Fort William. A further search was made and another woman's body was found and landed at Fort William by the *Kimball* on the night of Wednesday, the 4th instant. In addition to a thorough search of the area by the *Kimball* and two other small vessels of the United States lighthouse service, a coast guard plane made a thorough search of the area but no further survivors or bodies have been found.

Captain W. N. Morrison, Examiner Masters and Mates, of this department, is in Port Arthur at the moment holding a preliminary inquiry into the casualty.

[Mr. Church.]

Mr. CHURCH: There are no Canadian life-saving stations on the upper great lakes.

Mr. SPEAKER: Order.

Mr. CHURCH: With all due respect, Your Honour, as Speaker Lenthall said when Charles I came in, that he had neither eyes to see nor ears to hear but as the house gave him utterance, so having eyes to see and ears to hear, the house does nothing about this matter.

PRIVILEGE

MR. LOW—REFERENCE TO PRESS REPORT OF MR. CROLL'S SPEECH AT MEETING OF OTTAWA CIVIL LIBERTIES ASSOCIATION ON JUNE 4.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, I rise to a question of privilege. I have in my hand a copy of the Ottawa *Citizen* of this morning, which contains under the heading, "Charges R.C.M.P. With Inciting to Break Law," a report of a meeting that was held by the Ottawa Civil Liberties Association in this city last night, at which the hon. member for Spadina (Mr. Croll) is reported to have discussed racial prejudice. In the course of his discussion he is reported to have said:

> There had been a number of discriminatory acts against Jews, Negroes, Japanese and Chinese in Canada recently. "These were isolated incidents but they point to a trend that is working against our fundamental freedoms."
>
> These acts occurred all across Canada, even in Alberta which has a bill of rights containing "all the rights one could possibly think of." "There they have another bill whereby a Hutterite cannot live closer than forty miles from another Hutterite."

The part of the reported statement which is the subject of my protest at this time is this, which appears in quotation marks in the newspaper report:

> "There they have another bill whereby a Hutterite cannot live closer than forty miles from another Hutterite."

The hon. member for Spadina was evidently referring to Alberta. His reported statement is entirely false; and if the report is what the hon. member actually said, then, of course, only one answer could be given. If it is not what he said, I contend that it is damaging not only to the hon. member for Spadina but to the government of Alberta and this whole dominion.

An hon. MEMBER: Where is the question of privilege?

Mr. LOW: Just hold your horses.

Mr. SPEAKER: The hon. member knows perfectly well that questions raised on the

orders of the day must be brief and to the point. I have always allowed a great deal of latitude to leaders of the opposition parties, but I must ask the hon. member not to take up too much time. I would suggest that he state his question now.

Mr. LOW: I will state it briefly. I contend, sir, that the reported statement of the hon. member for Spadina casts a reflection on the government of Alberta and—

Some hon. MEMBERS: Oh!

Mr. LOW: Do not be in such a hurry, you fellows over there. You use up plenty of time. If there is one group in this house that is against freedom of speech it is the one over there.

I contend also that this reported statement of the hon. member for Spadina casts a personal reflection on me. As the minister in the Alberta government who was responsible for putting through the original bill I feel that I have a grievance. At the last session of the Alberta legislature, a bill was passed amending the act I had sponsored through the legislature. This later bill provided for the orderly settlement of Hutterite colonies in Alberta.

Mr. SPEAKER: Order. I am sorry to interrupt the hon. leader of the Social Credit party, but he will understand that it is the duty of the Speaker of the house to apply the rules. I would ask him to collaborate with me. I have allowed him considerable latitude in order that his question might be understood by the hon. member concerned. I would ask him now to be as brief as possible and to state his question of privilege.

Mr. LOW: The question of privilege is this, that the statement made or reported to have been made by the hon. member for Spadina is absolutely false and I want to make a correction of it. That is all. The bill was passed by the Alberta legislature at the last session.

Mr. SPEAKER: Order.

Mr. LOW: It provides for the orderly settlement of Hutterite colonies which consist of upwards of one hundred members, but individual Hutterites can live in Alberta anywhere they wish to buy land, or anywhere they can find a job.

Mr. SPEAKER: Order.

Mr. LOW: The bill has nothing whatever to do with individual liberty.

Mr. SPEAKER: Order. I have given ample time to the hon. member to state his question of privilege.

WHEAT

INQUIRY AS TO SALES OF CLASS II OF 1946 CROP

On the orders of the day:

Mr. WILLIAM BRYCE (Selkirk): I wish to direct a question to the Minister of Trade and Commerce. Will the minister tell the house how much class II wheat of the 1946 crop has been sold and what is the average price received?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I am grateful to the hon. member for Selkirk for giving me notice of his intention to ask this question, which enabled me to get a comprehensive but brief reply.

Sales of class II wheat: August 1 to May 31, amounted to 55·9 million bushels, of which 35·6 million bushels were for export in the form of flour. Average sales price, $2.38 a bushel, basis No. 1 northern wheat in store Fort William-Port Arthur or Vancouver.

From August 1, 1946, to January 31, 1947, first half of the crop year, the board's daily class II price ranged from $2.05 to $2.34 a bushel for No. 1 northern wheat in store Fort William-Port Arthur or Vancouver. From February 1, 1947, to May 31, 1947, the board's class II price has ranged from $2.34 to $3.10 a bushel.

The sales figures given above will include a small amount of 1945 wheat sold early in the present crop year.

BUTTER

INQUIRY AS TO DISCONTINUANCE OF RATIONING

On the orders of the day:

Mr. R. E. DROPE (Northumberland, Ont.): I should like to direct a question to the Minister of Finance. In view of the large increase in the stocks of butter in Canada, will the minister inform the house when rationing of this product will be discontinued?

Hon. DOUGLAS ABBOTT (Minister of Finance): That is a matter of government policy which will be announced in due course.

Mr. DROPE: That is the same answer as the one the minister gave me about three weeks ago, and I do not consider it an answer at all.

AIR TRANSPORT

INQUIRY AS TO ESTABLISHMENT OF CUSTOMS FACILITIES AT PRINCE RUPERT

On the orders of the day:

Mr. H. G. ARCHIBALD (Skeena): I should like to direct a question to the Minister of National Revenue. When does the govern-

ment intend to establish customs facilities in Prince Rupert, British Columbia, so that foreign aircraft can clear from there instead of having to go to Massett on the Queen Charlotte islands, which is causing a great deal of confusion?

Hon. J. J. McCANN (Minister of National Revenue): Aircraft both foreign and domestic, can be divided into two classes, namely pleasure aircraft and commercial aircraft. On May 26 the department established customs facilities in Prince Rupert so that foreign aircraft of the pleasure type may clear there. The matter of clearing commercial aircraft is being given consideration.

EXTRADITION

PROGRESS OF NEGOTIATIONS WITH REGARD TO TREATY BETWEEN THE UNITED STATES AND CANADA

On the orders of the day:

Mr. JOHN T. HACKETT (Stanstead): I should like to direct a question to the Secretary of State for External Affairs. Can he say how far negotiations have proceeded with regard to the extradition treaty between United States and Canada? If he is not in a position to make a full statement today will he make it at some conveniently early date?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): I shall have the appropriate files examined so as to be able, at an early day, to give accurate information to the hon. member.

PRAIRIE FARM ASSISTANCE

CROP FAILURE PAYMENTS—AWARDS TO FARMERS WITH MINIMUM PRODUCTION

Right Hon. J. G. GARDINER (Minister of Agriculture) moved the second reading of Bill No. 261, to amend the Prairie Farm Assistance Act, 1939.

Mr. J. A. ROSS (Souris): I desire to offer a few comments on this bill at this stage. It is significant, Mr. Speaker, that there was called in the year 1938 what was known throughout this nation as the Bracken wheat conference in Winnipeg. At that time they recommended an initial price of not less than eighty cents a bushel. In those days market conditions were difficult in the Dominion of Canada. Following that, there was the original plan by the federal government to drop the initial price to sixty cents a bushel and pay an acreage bonus on yields up to fifteen bushels an acre. However, the final policy of the government of the day was to pay seventy cents initial payment and acreage bonus up to a yield of twelve bushels an acre. The act was brought into being in 1939 on that basis.

The application of the act applied and still applies to all three prairie provinces and the Peace River block in British Columbia. There are three main sections in the act. There was the national emergency section which provided that in any year the price of wheat was less than eighty cents a bushel the minister could declare it an emergency year. Each farmer residing in a township with the following average yields was to receive the following awards: up to four bushels and under, $2 an acre on half the cultivated acreage; from four to eight bushels an acre, $1.50 an acre on half the cultivated acreage; from eight to ten bushels an acre, $1 per acre with a limit of 200 acres on which he could receive an award. This section was later amended so that the minister could declare an emergency year, regardless of the price that was being paid for wheat.

Section 4 dealt with crop failures. Regardless of the price of wheat, a province could be declared a crop failure area under the following conditions: at least ten townships with five bushels per acre or less in Alberta and Manitoba; in Saskatchewan at least 135 townships; awards: up to five bushels, $2.50 an acre on half the cultivated acreage and a maximum of $5.00 and a minimum of $2.00.

Section 6 provided for one per cent levy on all grains marketed in the prairie provinces, and that continues today. All farmers, including tenants actually farming the land, were eligible; ranchers were excluded and businessmen doing part-time farming were also excluded. Farmers who had more than 3,000 bushels and more than eight bushels per acre are ineligible. Otherwise all farmers receive the bonus, regardless of their yield if they are in an eligible township.

A recent amendment excludes from an eligible township any block of nine sections which has an average yield of more than ten bushels per acre, if the block lies next to an ineligible township. The same amendment brings into the eligible class any block of nine sections with an average yield of ten bushels per acre or less in an ineligible township if it lies contiguous to an eligible township, and that has been our difficulty from the point of administration.

With respect to administration, the head office has been located in Regina with branch offices in Edmonton for Alberta and in Winnipeg for Manitoba. The township yields are obtained by inspectors appointed for that purpose who make personal calls and obtain

the production and acreage of each farmer, within these areas, I believe, after application has been made by the municipal officials asking that it be done. The superintendent then presents all the township data to the board of review which passes on the eligibility of the township.

The operation of the act from 1939 to 1946 inclusive has brought in, under this one per cent levy, the following receipts: from Alberta, $6,205,000; from Manitoba, $3,619,000, and from Saskatchewan, $12,895,000. The payments made within the provinces are as follows: for Alberta, $15,209,000; for Manitoba, $1,730,000, and for Saskatchewan, $45,558,000. The total levy collected under that scheme has been $22,719,000, while total payments have amounted to $62,497,000. In addition, there have been administration costs, amounting, on the average, to about $300,000 a year.

Several of us have put questions on the order paper and received answers by way of returns, and we find that for seven years in succession eighty-two of these townships have received these P.F.A.A. payments; 396 townships have received these payments for six consecutive years; 849 townships have received them for five years in succession, and 1,383 townships have received the payments in four consecutive years. The act has been in force for eight years, and in only one year, 1942, were no payments made.

On previous occasions I have referred to the fact that at times the operation of this act is somewhat in contradiction to the operation of the Prairie Farm Rehabilitation Act. What it means, as I think can be readily proved by the fact that some of these farmers have received payments for seven years hand running, is that many of these people are farming sub-marginal land. Enough money has already been paid out in this way to purchase the land. Approximately 1,160 farmers who received the bonus for seven years were paid a total of $2 million. Based on the 1946 cultivated acreage, after ten years the farmers received $5 per acre for their land, or a total of about $1,760 each. In some townships the average total amount paid would be approximately $7 per acre. I know of land in my own constituency, in the Palliser triangle, owned by one of the municipalities for grazing purposes, which I am sorry to say they are not continuing to hold for that purpose, which now is being sold to operators for $2 an acre. Quite frankly, this is land which I do not believe should be put under the plough. So I think it will be seen that this matter calls for quite a bit of serious consideration.

I have a great deal of detail here. I do not want to discuss the matter at least at this time because, as I said at the resolution stage, we have an undertaking from the minister that the bill is to go to the agriculture committee, where I am sure it will receive close scrutiny. I do say, however, that this act should have only one clause dealing with eligibility, instead of two; that is, the crop failure and the emergency year. In the second place, it should be on an individual basis, not on a township basis. The part township clause and section 8 have not solved the problem so far. The act should provide that the land of any farmer who becomes eligible for these payments during seven successive years would be purchased by the government for community pastures under the Prairie Farm Rehabilitation Act. It is a waste of public money to keep the act functioning as it is at present, and probably have operators living under conditions under which they should not attempt to farm. There is some argument as to whether the territory within those provinces should be zoned and some smaller categories provided. In some cases the payments should be larger. However I seriously urge the government to consider the possibility, after so many successive crop failures, of purchasing that land for community pastures.

As I have said, there are many more things which might be discussed, but since we are going to take up these matters in the committee on agriculture, I think I should reserve much of my comment for that stage.

Mr. F. E. JAENICKE (Kindersley): Mr. Speaker, I do not intend to detain the house at great length, because I understand that this bill is going to committee, but since I am not a member of the agriculture committee I believe I should take this opportunity of offering a few remarks, because the provisions of this bill are of vital importance to the con- The second important amendment is that the amount a farmer may thresh is not limited to 3,000 bushels. As I read the act, I commend the government on these changes, which I think will be endorsed by the people concerned, especially by those who expect to benefit under these provisions.

I should like to refer to the interpretation section, which defines "farmer" under the act. It seems to me that the definition now is wider than it was before, and again I think I must commend the minister for having changed it. But we must remember that apparently this definition is still subject to regulation, and of course in that way it could be limited. I hope and trust, however,

that if any new regulations are promulgated under the new definition the minister will see to it that any limitation imposed will be as liberal as possible as far as the beneficiaries under the act are concerned. I should like to commend the minister for including in the definition of "farmer" a member of a cooperative; and although the act does not so state, I presume this means a member of a cooperative farm. These cooperative farms are becoming quite extensive in the west, especially in Saskatchewan, and I thank the minister for thinking of these people.

Then the new section 3 provides that the benefits may go to a man who has been a farmer between May 1 and November 1. I presume this provision has been put in, following the understanding that a man shall not have two occupations, and so that a man may take some other position between November 1 and May 1, in order to earn some extra money, and still be entitled to the benefits of the act. I approve this; but I suggest that the minister should not confine himself to definite dates, between May 1 and November 1. If a farmer is going to have a crop failure, in many instances he will know it by the middle of July, and I believe he should then be entitled to go out and earn himself some extra money, which undoubtedly he will need not only for sustenance but to help carry on his farming operations. So I should like the minister and perhaps the committee to consider this feature of the matter. If a man knows in the summer that he is going to have a crop failure, he should then be permitted to go out and earn some extra money in order to tide himself over.

Further, in connection with the definition of "farmer", I should like the minister and the committee to consider the case of the farmer who has some little business in addition to his farming occupation. I am thinking particularly of a man in a small village in my constituency—and I dare say there are many men like this throughout the west—who is adept at blacksmithing, and who keeps a little blacksmith shop in the village, close to his own farm. He does not rent his farm; he farms it himself, and that is his main occupation. Last year his income from blacksmithing, which he does more or less to oblige his neighbours, was about $300. Yet, because he earned that $300 he was found not to be eligible to receive the benefits under the act. I know it is difficult to determine cases like this, but I believe that if the regulations or the law were to limit the amount of money which a farmer may make outside of his farming operations, it would meet the requirements in a case such as this.

The largest number of complaints which I have received in connection with the working of this act had to do with the question of the township award. As the minister knows, I have written to him on several occasions in connection with complaints which I have received; and I may say that I have received more complaints than I have referred to him because I did not wish to bother him, inasmuch as they were all on the same basis. In order to explain to the house how this act works, and how unjust it is to some people whom it should but does not benefit, I should like to give the example of one township in my constituency, which is township 37, range 28, west of the third meridian in Saskatchewan. In this township there are about a dozen sections on the west side and in the middle, which have low-lying, heavy land and where the farmers have experienced good crops. But to the north, on the east and on the south they have had small crops; in fact, practically crop failures. As the law stands, this whole township itself, because of the good crops in the centre of it, was not eligible, but undoubtedly these poor farmers who were living on the north, on the east and on the south were eligible. The law provides that part of a township may be eligible only if it adjoins a township which itself is within the provisions of the act. I know the officials of the board of review did their best in connection with this case and interpreted the act as they should have. I have no complaint to offer on that score. But I think the law is wrong. The result in this case is that the south part of the township, sections 1 to 18 received the bonus, and sections 23 to 26 and sections 31 to 36—in other words, ten sections—received nothing, or the farmers living in those ten sections received nothing. Yet they had a crop which was as poor or poorer than that of some of the farmers in sections 1 to 18, just because in the centre of that township there happened to be low-lying land and the yield of the farming operations in those sections of the township was such as to show an increase. The fault lies, I think, in the fact that a part of the township must be a rectangular block. I plead with the minister to take the word "rectangular" out of the act. In this particular case these ten sections which I mentioned could very well have been included with the other eighteen sections and justice would have been done. Of course the block

would not have been a rectangular block. I think the minister should take that into consideration and amend the act accordingly.

Another matter which I wish to refer to the minister and draw to his attention is the fact that, in order for part of a township to be eligible, it must be adjoining another township which is eligible. It may be that under the new provisions this is to be done away with; I do not know as to that. It seems to me also that section 7(b) would need some amendment necessitated by the other amendments. I should like the minister to look into that as well. I think this question of township adjustment, especially the adjustment of parts of the township, has, as I have pointed out, worked an injustice on some of the farmers. For instance, in this particular township which I have described, the farmers in the north end of the constituency have now experienced a practical crop failure for two years without having been able to get the benefit of the act. I suggest that the minister again look into this matter and see what he can do. Perhaps the act can be amended by inserting a further clause giving the board of review or the minister some powers of discretion in order to rectify such injustices.

Mr. J. H. BLACKMORE (Lethbridge): Before the bill passes, I should like to say a word or two concerning it. The present Prairie Farm Assistance Act is a definite improvement over the act which it replaces. As I understand it, the payments may be made any year without the necessity of a declaration of an emergency year. That is all to the good. But the payment may now be made only on the basis of nine sections, as I gather it, provided that those nine sections are adjacent to a township which is declared eligible. While that is much better than it was formerly, it is not yet as it should be. We social crediters believe that there should be a crop insurance scheme across Canada, and that losses ought to be paid on an individual basis rather than on the basis of a number of sections or townships.

It may be argued, Mr. Speaker, that constitutionally the federal government could not pass an act for such a scheme of universal insurance for farmers. We do not sympathize with that point of view. We believe that the federal government could take care of crop insurance by passing enabling legislation much as is done in the case of old age pensions, permitting the money to be provided to the provinces, allowing each province to come in with its own legislation providing for crop insurance within the province, and allowing each province also to take over in large measure the administration of the act. In the days to come this sort of arrangement ought to be made by the dominion government and will be recognized everywhere as being the sound, most effective and economical way of taking care of this important matter.

It will be urged that the dominion government could not possibly supply the funds necessary for a universal crop insurance scheme. On the face of existing realities, such a contention does not quite make sense. Undoubtedly in this country we are able to produce enough goods and services of all kinds to provide all the farmers in Canada with an adequate income in any given year, regardless of whether they are hailed, rained out, frozen out or in any other way deprived of their crops. Approaching the matter from that common sense, realistic point of view, I think every member in the house and everyone throughout the country will grant that it simply is not quite reasonable that we should be without a crop insurance scheme from coast to coast in Canada, covering every kind of agricultural endeavour. If Canada is able to produce sufficient goods and services to provide for the needs of her population, agricultural and non-agricultural, up to a given standard of living, that fact indicates quite clearly that the national credit could be used as a means of providing the money with which to buy crop insurance.

The minister deserves commendation for the steps which he has taken thus far in the development of this Prairie Farm Assistance Act. He has gone a long way since the inception of the scheme. He is making progress surely and probably as rapidly as public opinion will permit him to do at the present time; he is showing unmistakable signs of a progressive attitude in this matter. We social crediters desire to commend him for his past efforts and to congratulate him on the measure which he is now introducing. We shall follow it through with great interest and with complete readiness to support him in all forward-looking steps.

Mr. R. N. JUTRAS (Provencher): Mr. Speaker, I have a great deal to say on this act but I am not going to do so now. I just want to say two words at this stage. A suggestion has been made in the house during this debate that the bill should be extended to include other parts of Canada. As the minister and the house know, I am one of those who hold the opposite view. I sincerely believe that an opportunity should be given some of the provinces to withdraw from the act. I for one, coming from Manitoba, gave facts and figures last year in the debate, which proved that in that province so far, since the act has been instituted, had it been administered by the

province. from its own revenue of one per cent it could have paid crop failure assistance as well as assistance for hail damage, and still have a reserve in store. However I shall not go into detail at the present time.

I regret that the door was not left open in the bill to allow certain of the provinces, such as my own, to depart from the scheme if they wished to. I believe that my own province, for one, would be willing to take over the act, provided that the wheat board, or the agency of the federal government, would levy the one per cent and then turn it over to the province.

However, if the act is to carry on in the present form, and if we must tag along for a few more years, I commend to the minister that the definition of "township" in the act be cleared up, so far as river lots are concerned. As hon. members know, a good part of Manitoba is in the Palliser triangle, and most of the wheat growing area of the province is in the Red River valley. The greater part of the Red River valley, or at least a large portion of it, is made up of river lots. According to the act, there is no definition whatsoever to take care of a township in the area of river lots. In the past I believe there has been only one year when the river lots could have qualified, when there was a complete crop failure. There was one two years ago in my section of the country. When it came to applying the act in the river lots area, there was no definition, and this condition led to a great deal of confusion.

The officials of the department played around with various blocks of river lots, but could not come to any definite conclusion. It would be a great help to them, and a great help to the people if it were known what a township is in those areas, and would be most helpful in the event of another crop failure occurring there. I commend that particularly to the minister. Perhaps this is only a detail, but it is a significant one, and one which should be elucidated and cleared up in the act.

Mr. ANTHONY HLYNKA (Vegreville): Mr. Speaker, I should like to make one or two observations respecting the bill before the house. I have received a number of complaints from farmers in my constituency about one feature of the Prairie Farm Assistance Act which, even in the present bill, has not been improved. I refer to the township qualification, which still appears in the bill.

Perhaps the wording of a letter forwarded to me expresses more clearly than I could the problem which faces the farmers. This is the letter addressed to one farmer in my constituency who applied on behalf of a group of twenty. The reply he received was as follows:

> We have to advise again that the prairie farm assistance payments are made on a township basis. That is, a township must be declared eligible by the board of review before this department can make payment, and in order for the board to qualify such township for payment, they must find the average yield of wheat to be less than 8 bushels per acre. There is only one exception to the township being a unit for payment and that is, when an ineligible township, and the board find 9 or more sections forming a rectangular block, having an average yield of wheat of 8 or less bushels per acre and the side of this block of sections bordering an eligible township, the board may then qualify such a block of sections for payment under section 7 (b) of the act.

Then, with respect to the claim made the letter states:

> In so far as township 51-16 W4th is concerned, the average yield of wheat for the township was found to be considerably in excess of 8 bushels per acre. Therefore, the board of review declared this township ineligible. Furthermore, as this township is not bordering an eligible township, it is not possible to qualify any portion of same under section 7 (b) of the act.
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> We regret to advise that no payments will be made under the Prairie Farm Assistance Act in township 51-16-4 for the crop year of 1945.

I shall state my appeal in a few words. Surely we have reached a time, in view of the length of time the act has been in operation, when we should bring in an amendment to the act so that individual farmers would qualify. That is the real problem which faces many farmers in my constituency. I have no drought areas, but the individual farmers who do suffer receive no compensation whatsoever. When all farmers have one per cent deducted from the grain threshed, whether the farm is in a rectangle or not, why should they not qualify for payment when the matter comes before the board?

I need not say more on the subject at the present time. I do request, however, that the minister give serious consideration to an amendment which would give an opportunity to farmers to apply on an individual basis.

Mr. C. C. MILLER (Portage la Prairie): Mr. Speaker, I do not intend to say a great deal respecting the amendment at the present time. However there are a few points which perhaps apply to the area from which I come in Manitoba and which I should like to draw to the attention of the minister.

I agree with the hon. member for Provencher (Mr. Jutras) that the definition of "township" should be changed in the act because, as the minister well knows, along the rivers in Mani-

toba the divisions of land are not made in townships or in sections. The division is made in river lots; and in some areas it is divided into what are known as wood lots.

In my view the definition as it appears in the act is definitely restricted to the survey of townships, as set out in the act, and as referred to in this bill. I believe that some definite provision, as suggested by the hon. member for Provencher, should be made so that, if need arose, there would be no question at all that those subdivisions of land known as river lots and wood lots, which are of a substantial nature in acreage, would be eligible under the act.

The amendments now introduced by the bill before us would lead me to conclude that almost any kind of crop failure would make an applicant eligible under the act. If that is not so, then I suggest that the minister should clarify the position. In section 4 of the original act there was provision that relief could be given in respect of crop failures as a result of anything other than hail. But in the act as it now stands there is nothing even to exclude damage from hail, provided that it takes in a sufficiently large area. I am only mentioning this, so that when the minister speaks he may make it clear to the farmers of this country whether or not the scope of the act is being enlarged by the changes provided in the present bill.

I would ask also that he consider adopting individual settlements. I imagine it would be extremely difficult for the department to make settlement on an individual basis, but that is beside the point. Farmers all over this country, particularly those who are in areas like the one from which I come and where there is rarely a crop failure, have been paying substantial sums in the one per cent deductions. If it should happen that one, two or five farmers in the immediate vicinity of the city of Portage la Prairie, where there has not yet been a crop failure which would entitle the farmers to come within the provisions of this act, should have a failure, it seems to me it would be inequitable if they could not be reimbursed for the substantial amounts they have paid over the years. They should be reimbursed even though there was not sufficient acreage to justify making a claim through the municipality.

Unquestionably the minister has given consideration to this point because it is not unique nor does it originate with me. I know the minister has had this put up to him from all angles and by many hon. members. In spite of that and in spite of the fact that he may have rejected the idea of even further considering individual settlements, I suggest to him that he and his departmental officials and his colleagues should take this matter under further advisement. Unquestionably it is a moot point, particularly in the good farming areas, and one which is creating a great deal of dissatisfaction.

I should like to refer for a moment to the matter of withdrawals. It is true that there are certain areas which are asking for the right to withdraw from this scheme, but if this is to be done I think it can be done only on a province-wide basis. It seems to me that if the farmers who are now advocating the right to withdraw approached this problem from the broad viewpoint they would not desire to have a withdrawal provision inserted in the act. I think those farmers who are in good crop areas can stand the one per cent deduction year after year if they are blessed with good crops year after year. The benefits which come to the whole west from the scheme are such that I do not think the farmers in the good areas, such as the one from which I come, would insist on a withdrawal escape clause being included in the act. I am satisfied that I can speak for those farmers and say that when they have given the matter full consideration they will realize that it would not be fair for them to shirk their duty to the less fortunate parts of the western provinces.

As far as I am concerned I would be prepared to accept the responsibility of standing on any platform or going into any meeting of farmers and asking them to reconsider any desire that they may have had to have a withdrawal escape clause inserted in the act. However, in view of the fact that many of my constituents have urged that there should be a withdrawal escape clause to apply to any province which might desire to withdraw from the scheme, I felt constrained to mention it on the floor of the house today. But I must say that, so far as I am personally concerned, I feel that a withdrawal clause should not be inserted in the act.

Mr. E. B. McKAY (Weyburn): Mr. Speaker, since we have the assurance of the minister that the bill is to go before the agriculture committee I shall be brief. However, as I am not a member of that committee I have a few suggestions I should like to offer at this time. First, I should like to commend the minister for the changes provided by the bill, but in my view there are many more changes that should be made if we are to give the farmers the real protection they have been looking for in the past few years.

The difference in soil and climatic conditions in the various parts of Saskatchewan are manifold. In the south we have drought conditions, but drought in the northern areas is quite uncommon. On the other hand, the northern areas of the province are subject to frost damage and damage from insect infestation. All through the province we have the menace from hail. The losses from drought in the south are much greater than the crop losses in the north caused by frost or other adverse conditions. Both in the northern and southern areas the differences in soil have a considerable bearing upon the losses sustained by individual farmers.

I believe I suggested last year that there should be a system of zoning in the provinces into crop risk areas with lower percentages of deduction in the low risk areas and higher percentages in the heavy risk districts. I believe that would make the burden of crop failure assistance much more equitable. A number of farm organizations have suggested this plan, so I am not the originator of it. At this time I should like to place on record a resolution passed by one of these organizations, the rural municipality of Weyburn, as recently as March 11, and I quote:

> Resolved that deductions and payments during short crop years are too small and we recommend that the one per cent deduction for P.F.A.A. be increased in the southern part of the province with corresponding higher payments in crop failure areas.

The resolution goes on to favour zoning of the province to apportion the deductions and benefits. Reference is also made to the high protein wheat produced in the south. This may not be apropos of the question, but, since the minister no doubt has heard of it before, I think it would be wise for me to mention it. The recommendation is made that wheat from the south should be graded on a protein basis to give a premium on wheat grown in the dry area which would more than offset the higher deductions which zoning would require from the southern area.

In my opinion payments under the Prairie Farm Assistance Act should be based on the individual farm yield. Several hon. members have expressed the same opinion. The present act provides for assistance to the farmer on the basis of the average yield of the township in which he resides. Even with the present changes allowing for a nine-section block, there is still a considerable amount of dissatisfaction. If it is not feasible to have benefits on an individual farm basis I would suggest that the proposed rectangular block of nine sections be reduced to a smaller area. The present system seems to me unsatisfactory because farmers living in the bonus area frequently, not only last year but in previous years, had substantial yields, but because they resided in a government "declared" area they were recipients of benefits under the act, while, on the other hand, farmers living on the fringe of the stricken area who had little or no crop at all received no benefits, since the average yield in the block in which they lived exceeded the maximum set by the act. Very often a farmer who failed to obtain the bonus lived just across the road from a neighbour who had received benefits under the act and had had a crop.

The act now reads that if a township has not the requisite yield to bring it within the act a rectangular block of not more than nine sections may be brought in. That is a good feature of the act. But this block of nine sections must be lying alongside an eligible township. This act should be amended to make it more flexible so that it would not be necessary to have a rectangular block, or to have it contiguous to an eligible township. Despite any changes which might be made in this particular regard, I am of the firm belief that benefits should be paid on an individual farm basis. There seems to be a sufficient number of inspectors now employed by the Department of Agriculture under this act to conduct the field work in this connection, so that no further operating expenses would be entailed. The farms in the stricken area have to be inspected anyway to ascertain the true situation in the stricken districts. I believe that this change in the act would actually save the government money, because many farmers now receive benefits under the act who are not in great need of those benefits. In any event, it seems to me that hail damage is nearly always on an individual farm basis. Certainly the damage runs in strips, so that damage at least from this source should be treated on an individual farm basis.

The act as it stands limits benefits paid to an individual farmer to a maximum of $400 or $500, depending upon whether the year is declared an "emergency year" or a "crop failure year". This is an inadequate provision and does not meet the farmers' needs. I think at this time I should draw the minister's attention to a resolution that was passed in convention last year by the Saskatchewan Association of Rural Municipalities. The minister is, I believe, quite familiar with the resolution, but I wish to place it on the record because it is well worthy of consideration. The resolution asks:

. . . that the crop failure bonus be increased to $5 per acre and that the maximum be $1,000, and the assessment 2 per cent, and that payments be made on an individual plan.

While the two per cent assessment might not be acceptable to areas in the north of the province where crop failure is less common, certainly it would be welcomed in the south if benefits under the act were increased. Zoning as previously suggested, to apportion the deductions and benefits would, I believe, be acceptable to all areas in the province.

Under present conditions where the yield is less than five bushels to the acre, a $1 payment is made per cultivated area, with a maximum of $400 per farmer, regardless of the acreage involved. That, in my opinion, is hardly adequate relief. Costs of farm operation have substantially increased. The purchase of the seed which would be necessary for the next crop year would, at present prices, cost the average farmer of 320 acres more than the benefits paid out now under the Prairie Farm Assistance Act. The farmer also has food and clothing to purchase for his family and many other expenses as well. The maximum to be paid under the act should, I firmly believe, be increased to $1,000, which, with present high production costs, is certainly little enough.

I believe, Mr. Speaker, that farmers in the west on the whole are thankful that there is such a thing as the Prairie Farm Assistance Act. It gives them a measure of security. It keeps the wolf from the door when crop failure is complete. But the wolf is never far away, because of the meagre benefits provided under the act.

I consider that the recommendations I have made deserve consideration. That is the reason I make them this afternoon, in order that they may be considered by the minister when this bill goes before the committee. I am sure that if they were incorporated in the bill it would make the act more effective and would establish a feeling of security for farmers everywhere in the western provinces. I am satisfied that the farmer is willing to contribute more to the fund if his benefits are to be on a more adequate scale. Finally, I believe that the zoning system is the only way to take care of inequalities, not only in the deductions scheme, but also in the benefits paid out under the act.

Right Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, the discussion that has taken place on the second reading of the bill has been not only interesting but quite instructive. I appreciate the remarks which have been made in favour of the legislation as such, but in the criticisms of the measure there has been shown some misunderstanding as to the intentions of the government at the time the legislation was first placed on the statute books of the dominion.

It will be recalled that from 1931 to 1937 there was a period of severe drought in western Canada, and during that period we paid out large sums of money from the federal treasury. It is in my memory that $186,000,000 was paid out of the treasury of Canada for the purpose of maintaining persons in what is known as the drought area of western Canada. Having made that enormous expenditure, or at least committed ourselves to credits which resulted in that expenditure finally, the government thought it was necessary for some action to be taken to assure the people of the district that certain assistance would be available under certain circumstances.

It will be recalled that during the period from 1931 to 1937 farmers had to go to councils and plead for relief. The result was that certain amounts were allowed per person in order to maintain the individual in food and clothing. It was thought by the government that if that condition were allowed to continue in an area that was populated by about a million people, in due course it would be depopulated. Any young person who finds himself or herself dressed in other people's clothes when he goes to school or to church will not remain in a district which compels that for a very long period of time; they will get out just as soon as they can. It was decided that an area which had contributed so much wealth to the Dominion of Canada should not be depopulated. The experience of having kept these people there has proven to us that the contention was the correct one. Everything that was done by previous dominion governments and by provincial governments and municipalities has proven to have been useful because, during the last six years, when this country was one of the allied countries at war that particular area produced more tonnage of food than it ever did in any other six years of its existence. In other words, the experience of having kept people on that land to produce has resulted in showing that we could not have contributed as we did during the war period to the feeding of the allied armies and Britain in the manner in which we did had that area not been opened, and it has proven, too, that an area which can produce that much wealth over any five, six or seven-year period should be kept in production during the other five, six or seven year periods during which crops are not sufficiently great to maintain population there.

That was the idea behind the legislation, but there is a further fact which we should recall at this time. Prior to the enactment of this legislation, the legal and constitutional responsibility for taking care of people in those areas rested on the province and on the municipalities; it rested first on the provinces, and then by provincial law much of it was placed upon the municipalities individually. That is one of the reasons why the blocks are maintained. The federal government considered that in taking the solid blocks they were taking on the responsibility that should be placed on all the people of Canada.

Prior to the introduction of this act, we assumed the responsibility if twenty-five municipalities in a province found themselves unable to maintain their people, and when they got down to having only ten we ceased to assist. Under this act we have said, down to the present time, that if the government declared a year an emergency year, then the federal government assumed responsibility for the solid blocks of people to whom it was found necessary to give some assistance in order that they might be able to remain in that area. We have however, said over and over again from 1939 to the present, every time that we have received a resolution, such as that which was just placed on *Hansard,* from a municipality in the heart of the drought area, no matter what government was carrying on in the province, that the federal government is not taking the full responsibility; that part of the responsibility must rest on the province, and that if the province so decides, part of it must still rest on the municipality. Therefore we have said what the province ought to do, if they desire us to go farther than we have gone, is to make some contribution into the fund to take care of those corners in certain areas which are not included when the act says it must be a rectangle and when you say it must be contiguous to an area which is already proven to be a drought area. The dominion government believes that the areas which are immediately roundabout the solid block should be taken care of through the province and the municipality contributing something. If it is desired that the administration should be carried on under one set-up we are satisfied to conduct that administration; but if it were thought that it should be conducted under some other set-up, provincial or municipal, I am sure that we would cooperate in every way possible to see that that is carried out.

Mr. BURTON: Has that offer been extended to any of the provinces?

Mr. GARDINER: It has been extended to every province at least once a year during all the time that we have had any government in existence in any province since 1939; therefore I am not speaking of any particular government. It has been extended to every municipal organization at least once a year, because they pass the same resolution year after year. I personally have replied to them and have pointed out just what I am now pointing out to the house. No later than this month a resolution came to us from the municipal association in Alberta, and I received a reply back from them in which they asked my permission to send the suggestion to every municipality in the provinces. I replied, stating that I expected them to send it to every municipality and I am sure that they would do so. But it has always been the intention—and it has been stated over and over again both in the house and outside—that any time the provinces or the municipal associations desire to make a proposal to us which involves the paying of something into the fund, which might be worked out on a basis such as was suggested in connection with zoning, whereby some particular area might wish to pay in more money in order to get something paid out on a different basis in areas where we do not pay money now—to give consideration to the matter. That is the reason why we placed in the act in the first place the provision that it should be solid blocks and that these blocks should be on a township basis. Later, we took in a greater part of the area by consenting to take in areas of ten townships or more which were contiguous to the larger block, but we still think the others should accept some responsibility once the greater part of the area is dealt with.

There is one other reason why we have maintained the solid block or the township areas, and I may say that when the legislation was amended before it was the intention that when a nine section area was added it should be treated under the terms of the different regulations and terms of the act as though it were an entire township.

There is another reason why we have taken the six-mile square block as the unit, and it is largely the reason which was brought out by the hon. member for Souris (Mr. Ross). He said that in his opinion people who have had payments time after time—probably he would say townships which have had payments for so many continuous years—should be eliminated. We sought to meet the same contention when the act was first brought in by saying that the blocks had to be six miles square, and that instead of paying on an

individual basis we would pay on a township basis. The reason was that it will be found certain areas within those townships should not be farmed at all, and we have made provision under P.F.R.A. to organize those areas into community pastures, as was suggested by the hon. member for Souris. We have made provision also to stand the expense of moving farmers out of those areas into better areas; and, having done that, we think the federal government has done its share in trying to reestablish these people. Then we say to them, "If you insist on remaining in a township where two-thirds of the land is good and produces good crops every year and one-third of the land is poor and produces poor crops every year, it should not be considered the responsibility of the government to take care of you every year." In other words, instead of removing areas in the manner suggested by the hon. member for Souris, and on such a wide scale, we have tried to provide against people coming under the terms of the act who insist upon remaining on what everyone recognizes to be submarginal land.

In the act we had another protection against the thing that was feared by the hon. member for Souris; and only today, when I read the bill over carefully after coming into the house, I found that the provision in question had been eliminated from the definition in the present legislation. I am not too sure that when we get into committee we should not consider putting back that protection. In the definition of "cultivated land" the last words were, "and which has not reverted to natural prairie." That provision was inserted in 1939 because, as hon. members know, there were at least a million and a half acres of land in western Canada, much of which had been cultivated over a long period of years, which during the seven years of drought had not been cultivated, or had been allowed to go back to prairie. Perhaps it was just blowing around the country, and was not even growing grass. We said, if that land was brought back under cultivation, payments would not be made on it under this act; and the provision under which it was possible for the administration to carry out that idea was contained in those words, "and which has not reverted to natural prairie." I know there have been some hardships in applying that portion of the regulations, but you cannot apply legislation of this kind over a large area without having some hardships.

I want to repeat that the unit of six square miles was inserted in the act in the first place to provide that people who insisted on remaining on submarginal lands within the area were not paid each year, and also to see to it that those who lived in areas which were subject to drought year after year, but still had good crops, were not denied the privileges of the act.

I should like to deal for just a moment with one other matter bearing upon the same point. Those who discuss the measure without fully understanding it—I am not speaking of members of this house but those outside—usually speak in terms of yield of wheat. One reason we are removing the section which provided that a man with 3,000 bushels of wheat could not collect is because yield of wheat really has nothing at all to do with the payments. A man may draw if he never grows a bushel of wheat. A man may draw if he summer-fallows all his land in a year and does not seed anything. A man may draw if he has all his land in pasture and only runs cattle. The only reason wheat is in there is to provide a barometer; and that barometer simply says that if the yield of wheat over a whole township is eight bushels an acre or less, then it must have been dry. That is all it says, and that is all wheat is in for. When the inspectors go out and go over a township it is not even necessary for them to visit every farm to find out whether it has been dry. They have been compelled to do so, and thus increase the costs of administering the act, by the criticism that has been made. If they do not call on the farmer, there is some criticism; and if they do not examine the crop carefully there is still further criticism.

Mr. BURTON: Was my impression wrong, then, that when this act was first brought in and the limit of 3,000 bushels was imposed, that was done because it was felt that a person who had 3,000 bushels did not require assistance to pull through the year and put in his next crop?

Mr. GARDINER: As I remember it, the 3,000 bushels provision was not there when the act was first brought in; it was amended later. I believe that was put there at a time when we were doing other things in connection with wheat. At the time I believe we were paying something over and above the market price of wheat; we were paying eighty cents when wheat was worth sixty-two cents. Under those circumstances, the matter was discussed, and the principle I am outlining now was not accepted by those who were considering the matter at that time. I believe I am wrong when I say this was done when wheat was sixty-two cents. That was in 1938, the year before the act came in, so it was later than that; it was when some special provision was being made which left out the 5,000 bushels

in connection with deliveries to elevators; I have just forgotten the circumstances in connection with it. It has been agreed that wheat does not govern the decision as to whether payment will be made to an individual. Wheat governs only the decision as to whether or not it was dry in that area. One can understand that one might go to a farm where a man was raising live stock almost entirely, where he had perhaps only fifty acres of summer-fallow in wheat. That would be the best cultivated land on the farm. All of it might have been in summer-fallow the year previous, so that he would grow only one crop in two years. He might have twenty bushels to the acre on those fifty acres, and the remainder of a section of land might be devoted to growing feed for live stock, and pasture. Those who argue for the individual basis would say that, because he had twenty bushels to the acre of wheat on fifty acres, he should not be paid. It was never intended that the provision in relation to wheat should be applied in that way at all. Wheat has nothing to do with it, other than it was felt we could determine whether or not it had been dry over a whole township by determining whether or not the wheat yield was eight bushels to the acre or less. But if it was twenty bushels to the acre over the whole township we are pretty well assured that it was not dry. Once the decision has been reached that it was dry, we go ahead and pay everyone in the municipality, in order to take care of the people who are raising live stock as well as grain.

Mr. BURTON: You mean in the township?

Mr. GARDINER: Yes, in the township. We pay everyone; and if all the townships in the municipality are in, we pay everyone in the municipality. We do that whether they are raising wheat, oats or barley; whether their farm is all in pasture, provided that they are not ranchers and have not irrigation; and we also pay when they have very small areas in wheat and the greater part of the farm taken up in the production of live stock. We think that is fair. The only unfair thing about it is this. If a man produces nothing but live stock; if he sells no grain, he does not pay in at all because all that he pays in is one per cent of the grain he sells. If he does not sell any grain at all, but sells all live stock, then he has an advantage over the man who grows nothing but grain. But, as hon. members know, there are not so many of those men in the area we are talking about. Practically all of them have more acreage in grain than they utilize in producing live stock. But the reason for making it a unit is to determine whether it was dry or not, or simply finding out what the average yield over the whole township was. One could not find that out by taking the average yield of any one man's farm, because in some cases the man's yield would be twenty bushels, for the reasons I have spoken of, and in others it would be very low because he is farming land that he should not be farming at all. So we have tried to eliminate those possibilities by this provision.

I think that is all I desire to say at the moment. It is my intention, immediately the bill gets second reading, to move that it be sent to the committee on agriculture and colonization. I hope that in that committee we can discuss all the details which have been raised in the discussion here by those who do not belong to the committee, and that when the bill comes back to be considered in committee of the whole we can go farther into any of the details which were raised and which may require to be discussed at greater length. I only wanted to say what I have said in order to recall again to the minds of hon. members the principles underlying the establishment of the legislation in the first place, and the manner in which we have attempted to carry it out.

Mr. ROSS (Souris): I should like to ask the minister one question before second reading is given. The interpretation is not quite clear now to some of us. When the act is amended as is proposed, will it mean that it will include any type of crop failure, through hail and everything else?

Mr. GARDINER: It has always included any type of crop failure which was within an area where the crop was below eight bushels to the acre. But if the hail is in an area—and criticism on this score was, I think, raised by the hon. member for Weyburn (Mr. McKay)—where the average crop in the district is twenty bushels to the acre, but the hail runs right through the middle and takes a strip one or two miles wide, such people are not eligible for payment unless they are tributary to an area which is already in. The reason why that provision was made in that way was that two of the provinces have hail insurance legislation; and I am not sure but that there are three. Three did at one time have hail insurance legislation. Is Manitoba still in the hail insurance, or have they dropped it?

Mr. ROSS (Souris): No.

An hon. MEMBER: They have dropped it.

Mr. GARDINER: I think they have dropped it. But the other provinces where the greater part of the drought area is have had hail insurance legislation. They can have it because they are provinces. The dominion parliament has not the authority to bring in insurance legislation. That question was determined in the years when we were discussing hail insurance. It was finally determined that the provincial government had the authority to do that, and the provincial government did bring it in. In Saskatchewan today, a farmer has the right over all the area where hail prevails—and he has not the right in the other because he has not desired to come into it—to collect under the hail insurance law which exists in the provinces. If he, of his own volition, decides to come out from under that, which he has the right to do under the legislation, there is no reason why any other piece of legislation should take care of him. He has legislation now which takes care of him, and he must sign himself out or it will take care of him. If he himself does not sign out personally, the whole municipality has to sign in or sign out in order to make the legislation operative or inoperative. When they have that right now I do not think, in this legislation, we should be asked to provide for it a second time. The provision is there now in the provincial law.

Motion agreed to, bill read the second time and referred to the standing committee on agriculture and colonization.

VISITING FORCES

UNITED STATES—DISCIPLINE AND INTERNAL ADMINISTRATION WHEN IN CANADA

The house resumed from Wednesday, June 4, consideration of the motion of Mr. St. Laurent for the second reading of Bill No. 253, to make provision with respect to forces of the United States of America when visiting Canada and with respect to the exercise of discipline and to the internal administration of such forces, and of the proposed amendment thereto of Mr. Probe.

Mr. ARCHIBALD: When the house adjourned last night I was pointing out that the United States had its own individual policy in world affairs and that by allying ourselves, as we are, with them so closely, we shall be drawn into their quarrels willy-nilly. It is also pertinent to point out at this time that the United States has a terrific economic stake in this country, and that the bringing in of the military in this way is just adding the final touch. In the final analysis it will at least solve one question, namely the flag issue. All the Americans will have to do will be to stick nine more stars on their flag and that will finish it. Either that, or we can create one with a bald-headed eagle carrying a wet muskrat in its claws, and that would be our national flag; because we shall then have military as well as economic dictatorship in this country, and the government will be nothing more than trustees for United States capital.

As regards the attitude of United States personnel when they come into this country, granting them their own courts does not instil into them respect for our laws and customs. Many of the people of the United States are of the highest type, but they also have their trouble in that country. In Prince Rupert, during the war, for instance, two aldermen who were walking down the street minding their own business were slugged down in the dark by United States soldiers. Owing to the persistence of one of the aldermen, the assailants were tracked down and tried by their own military courts. We never did know whether justice was meted out or not. I am afraid that sort of thing would come back once again. Their customs are different from ours. They have not the same respect for law and order. If they are allowed to come in here in a unit, with their own courts, they will certainly look on us as just another one of the conquered countries. I am absolutely opposed to it at the present time, because I believe it will give the yellow press of the United States some more ammunition in its witch-hunt on communism. If you read history you will find that any time any movement is persecuted bitterly, it grows and thrives on persecution. History has always taught us that. The only way in which we can bring in a higher order of society if we wish to do so, is consciously to adapt ourselves to changing times and instil in the people faith in their own democracy. This witch-hunt will certainly create the very opposite to what it is supposed to do. It is a sign of fear on the part of the people who are conducting it. They are afraid. They have no faith in their own institutions or in their own intellect. Let us have people who have faith in their institutions; then that faith will be instilled in the people, and there will be no more of this ranting and raving about some foreign ideology. We talk about the Russians going into such countries as Poland, Roumania, Hungary, and so on. We are doing it here by act of parliament, giving the works away. Let us turn this down and throw it out of court, because it will only breed fear and suspicion.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, I should like to make a few observations on the bill. I had not the good fortune to hear the interesting debate last night; but it seems to me that it made perfectly clear that this bill takes us far afield into matters of tremendous international importance in which we, whether we like it or not, are deeply and inescapably involved.

I should like to say, in passing, that I have no fear whatever of any ulterior motive on the part of the United States being involved in this bill. I am perfectly prepared to accept the statement of military authorities that this bill is, in many ways, a natural process. But it has become clear, I think, during the course of the debate, that certain important questions are involved, which have been adequately discussed and which I do not intend to take the time of the house in discussing at the present time.

What I wish to speak about for a few minutes is that all-important question which lies at the root of this whole matter and which has been referred to more than once in this debate; namely the relations between the United States and the U.S.S.R. I suppose if there is anything upon which we can all agree, it is that we are deeply grieved at the tremendous deterioration in international relations in the last eighteen months. For that we blame the Russians, and, for all I can see, we are entitled to blame them.

It does seem to me that there was in San Francisco about two years ago—perhaps a little more than two years ago—a readiness for cooperation which could have brought the results for which we thought we were fighting. It is now made clear that in the weary months which have followed there has been very little cooperation from the U.S.S.R. And, such as there has been, looking at it as fairly as we can, seems to have come only under pressure, only when we have been, as it is called, tough.

Therefore we have come to the conclusion—and I do not see how we can come to any other conclusion—that we have to be firm. The premier of Ontario, who has just returned from Europe, tells us that today and I do not see how we can disagree with him. We have to be firm. We say that we must not have appeasement, because that gets us nowhere; and I do not disagree with that.

But I should like to say—and perhaps this is the real comment I wish to make this afternoon—that firmness is not enough. Firmness, in itself, is not a policy. Therefore I wish to suggest that there are one or two other things we should have in our minds beyond firmness. I want to suggest that, as in nearly all human relations, the fault is not all on one side; and when we are considering a thing like this, which I think in moderate language we can say is in very truth, a matter of life and death to us, and to our children—it seems to me that we should be very honest with ourselves, as well as very honest with those with whom we disagree. I think we should try to believe that in the end good sense will prevail; because, if it does not, then surely we can say again, using what I hope are not exaggerated words, that there is very little reason to believe that our civilization will persist.

We have talked in the past about the tremendous things which would result from the discovery of new weapons. It seems to me that now we have discovered new weapons which seem different, not only in degree but also in kind, from those which we have been used to before. Therefore I should like to remind the house—and I think we should remind ourselves—that, although I do not doubt that the Russian government is very well informed as to the true state of feeling in this country, nevertheless statements are being made from time to time in the United States and no doubt, if they are relayed to the Russian people, they can be used by the Russian government to suggest to the Russian people that there are imperialistic designs on the part of the United States against them.

I do not believe that to be so for a moment. But I do believe that things are said which can readily be made to bear that interpretation. And in that connection I should like to read a brief statement from that moderate and sensible publication, the London *Spectator*, which says:

> The increasingly impatient and unfriendly attitude of the American majority to the Soviet Union is a real danger.

Personally I do not believe there is an unfriendly attitude on the part of the American majority; and I shall have a word to say about that later. But I have quoted this as the opinion of a responsible journal because it could be used to show that the Russian government, in trying to alarm its people, has some basis of justification.

What is the truth of the situation? Do any of us believe that there is one one-hundredth of one per cent of the 130,000,000 people of the United States who do not abhor the very thought of war. And does not one believe that that is true with regard to an equally vast number in Russia?

I read the other day an interesting report by an American who had just returned from Europe, and who had been travelling widely on that continent. He said that he never found

anywhere that people were interested in war or were talking about war. What they were interested in was housing, food, and clothing, the reestablishment of their families and bringing themselves back to some kind of a civilized life again. Then he added that it was not until he got back to the United States and stepped out of his plane that he began to hear people talking about war. I am not suggesting that many people are talking about war, but I am suggesting that there have been careless statements in the United States, some of which have come from high military authorities, which may have been sufficient, as I say, to enable the Russian government to mislead their people, and to make them believe that there are motives of unfriendliness in the United States against them.

I suppose it is true to say that in the past a good many wars have been fought, to some extent at any rate, from economic motives. But can anyone suggest that either of these two great continental powers need to fight a war or go to war for economic motives? I do not think any person would suggest that. If it is done it will be from fear and from ideological motives. So I say that we have a situation which makes the thought of war in one way absolutely fantastic; yet, on the other hand, I know people will say, "Well, what is the use of talking about it? The Russian people have no say about what happens. They are in a police state and just like a lot of pawns."

I remember a play some years ago which had as its subject a principality in India. The prince was an absolute monarch. He was asked why he did not do such and such a thing. His reply was—and I thought it interesting at the time, because it is profoundly true even in a police state—"Even the most absolute monarch can only act with the consent of the governed." In a way, probably that is a paradox; and yet I wonder after all if it is so paradoxical. We believe that Hitler had convinced his people so that they were ready to go along with him. I suppose, in a way, that the Russian government have convinced their people, too. And, of course, they were attacked.

Now a word or two as to what I think this adds up to. I do not suggest that we should disregard defence. I do not suggest that we should give up the military advantages we have at the present time. I think we are forced to say, and that we may properly say to the Russians: "You are maintaining your huge army, greater than that of any other army in the world. True, we in America have the atomic bomb, but we have to have a counterpoise to your army."

But I do say this, that at the present time we have a situation which reminds me of a condition which we will all remember when we were boys, when two small boys would shoulder up against each other, with the final result that one would haul off and paste the other—and the fight was on. We have something very much like that now. I suggest, first of all, that it is part of the responsibility of people everywhere—of course, what we can say or do here will matter little; one can carry only one's own load and speak one's own view for what it is worth—that we should refuse to tolerate the idea that war is coming and accept it as a kind of inevitability. I sometimes think we have begun to forget what it is like. A great many in this house have been through the war; some of them have been through two wars, and I think we are all apt to feel, "Oh, well, those prophecies were made and they did not come true." They came true enough in Europe; they came true enough if we are to believe what we have heard from those who have been there.

The next thing I would say is that we should have a strong sense of responsibility in what we say. I ran across two things which had been said by Mr. Walter Lippmann, who, I think, is one of the wise men of today. I should like to quote them because I believe they are true. This is what he said about the Russians and the atom bomb:

> They know we shall not use it against them unless they do what they do not intend to do—precipitate a general war.

Here is a further quotation about Russia:

> They are in no danger and they know they are in no danger of being attacked by the United States.

We all believe that is true and, of course, if the Russian people believed it was true I think there would be no danger of war. It may be said that there are no means of getting that through to them, but I think that is only a half truth. We have had a great deal of evidence to show that the Russian soldiers who were in Europe saw even in shattered Europe a way of life far above their own. They compared it with their own way of life, and we have a great deal of evidence to show that they took back the impressions of what they had seen. We can be sure that the Russian government knows the truth.

The last thing I want to say is this: People will say, "Well, there is not much hope in that; what you are suggesting is that we should be moderate, that we should try to see the other side, that we should curb ourselves from saying things which can be used by this

unscrupulous Russian government to poison the minds of their people." I do not know whether there is much hope in that, but all I want to say is that if there is not much hope in that, if it is not worth our while to work to that end, hoping that in the end, in some way which perhaps we cannot now see, better counsels will prevail, then I say there is not much hope in anything.

Mr. PIERRE GAUTHIER (Portneuf): Mr. Speaker, I have just a few words to say in support of the bill now under discussion. I am in agreement with those who advocate that we should not give up part of our sovereignty; but in view of the fact that certain circumstances now exist in the world, in view of the fact that we have practically the same economic interests as the United States, our friendly neighbour, I do not see why we should make so much fuss over this bill and be so afraid of giving up too much of our sovereignty to the United States. I heard the hon. member for Vancouver North (Mr. Sinclair) say last night that we should not play Russia's game. I agree absolutely with him. Then I heard other hon. members say that the same privileges should be extended to every nation of the world. Perhaps I should be excused, but I really cannot make any sense out of such a proposition.

The hon. member for Vancouver North stated that it would be foolish to ask this government and this parliament to extend to the U.S.S.R., Yugoslavia and Hungary the same privileges being extended to the United States, a great, powerful and friendly nation. We cannot compare the friendship of Russia toward Canada with the friendship of the United States toward our country. It is impossible; we cannot do it. The hon. member for Muskoka-Ontario (Mr. Macdonnell), who has just taken his seat, said that we must look at both sides. It is easy now to look at both sides.

If you read the article in *Newsweek* of last week you must realize that you cannot overlook the dangerous infiltration of communism into the United States and Canada, an infiltration which is spreading its tentacles even into churches. We are not ready to extend these special privileges to the army of the U.S.S.R. when tomorrow we might be faced with an economic revolution which was developed and encouraged by this infiltration of what my hon. friend has just called the witch of communism. I am afraid of that kind of witch and I am ready to fight it anywhere and everywhere.

An hon. MEMBER: He is fighting too.

[Mr. Macdonnell.]

Mr. GAUTHIER (Portneuf): He does not look like it. If we wake up tomorrow and are faced with that kind of revolution it will be too bad for those who have been so short-sighted. My last reason for being in favour of the bill is that the Russians are against it. I have before me the Montreal *Gazette* of June 2. Once in a while we find something interesting in the Montreal *Gazette*. This article reads:

> London, June 2—(Reuters)—Moscow radio said in a news broadcast today that Canadians were getting "more and more uneasy" about impending "infiltration" of United States troops, consequent upon plans for United States-Canadian defence cooperation.

And again:

> "In this draft," the broadcast said, "United States troops are given such privileges that have never before been given to foreign troops on territories of other countries in peace time."

Indirectly Russia is asking for the same privileges, and that idea is echoed in this house. The article continues:

> "Several articles of the Canadian criminal code will not be applied to the U.S. troops. Military and other U.S. authorities are granted full rights on the Canadian territory, providing only that they do not interfere with the local Canadian ones."
>
> "Several observers consider that the final approval of this draft will be only a further step toward Canada's final subservience to the U.S.A."

I am not afraid of any subservience we may show to the United States. If the United States had wanted to get Canada before, they had many opportunities to do so, and everyone knows it. I think we should rather cultivate the friendship of the United States than try to keep what is left of the friendship of Generalissimo Stalin, who has just called us a weak nation. Maybe my hon. friends who propose to give the same privileges to Russian troops as it is proposed to extend to United States troops will bow down before Mr. Stalin, calling us a weak nation. But in my opinion, Canada, with its great natural resources and its strong and virile population, must show Mr. Stalin that we are strong and clear-sighted enough to see what might come upon us through the infiltration of his spies even in this very country. We must not be content with a false sense of security. In view of what has happened lately in this country, we must be more far-sighted and not wait until the revolution comes upon us to give the United States the largest measure of friendship that we can give them. For these reasons, Mr. Speaker, for the close friendship that we must extend to the United States and for the safety of my country, I gladly support this bill.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, it seems to me that the speech of the Minister of National Defence (Mr. Claxton) last evening constituted a strong argument for the terms of the amendment now before the house to the effect that Bill No. 253 should not now be read a second time but rather that its subject matter be referred to the standing committee on external affairs.

The Minister of National Defence gave us certain information regarding what he referred to as a similar act in the United States, and in giving us details of that act he pointed out that it is quite different from the measure now before the house. The act in the United States referred to is the Friendly Foreign Forces Act, and so far as the act itself is concerned it is general in its application rather than having specific reference to one country as does the bill now before this house. The minister went on to point out that only such countries came under the provisions of the United States Act as are covered by a presidential proclamation, and he gave the terms of one such presidential proclamation which brought the United Kingdom and Canada within the provisions of that act. I noticed, however, that the reference to the United Kingdom and Canada in that presidential proclamation was to these two countries as co-belligerents with the United States. I am not going to go into any further details with regard to the Friendly Foreign Forces Act, but it does seem to me that the information which the minister has given to the house is sufficient to indicate that we should examine carefully whether the bill before us is the kind of bill that we should be passing at all. I, for one, think that if we are to have a bill of this nature it should be similar to the United States act in that it should be general in its application. But even with regard to the United States act I should like to be able to ask questions as to the significance of that word "co-belligerents". Surely we are not at war at the present time, and therefore I am opposed to this kind of legislation. In these circumstances it is not good enough to ask the house to give second reading to this bill on the usual understanding that we can make amendments when we are in committee of the whole, because we know we do not get very far along that track. It seems to me desirable that the whole subject before us be referred to the committee on external affairs where members can discuss the issues involved with the minister, and I am sure that the minister, from the experience we have already had on that committee, will be only too glad to accept the advice and considered opinion of the committee. I hope, therefore, that it will not be necessary for us to vote on this amendment, but that the government will realize that it is a good suggestion and will agree to permit the subject matter of this bill to go to that committee.

Mr. GAUTHIER (Portneuf): Why delay the adoption of this bill?

Mr. KNOWLES: The answer to that is quite definite: because I do not like it.

Mr. GAUTHIER (Portneuf): That is what I wanted to know.

Mr. KNOWLES: I have all the objections to it that have been stated by other hon. members, including in particular the remarks of the hon. member for Vancouver South (Mr. Green) last evening, and the pointed remarks just now made by the hon member for Muskoka-Ontario (Mr. Macdonnell).

The main fact of the present world situation, on which this bill has a bearing, is, as was stated last night by the hon. member for Vancouver South, the tragic way in which the world is tending to divide itself into two camps. I can appreciate the sentiments of the hon. member (Mr. Gauthier) who has just taken his seat when he referred to the desirability of building up a strong friendly relationship with our great neighbour, the United States of America.

Mr. GAUTHIER (Portneuf): And of maintaining it.

Mr. KNOWLES: And of maintaining that relationship for all time. But I wish to point out to the hon. member and to this house that the possibility, not merely of maintaining that friendship, but of actually keeping in existence two countries like the United States and Canada depends upon our world being kept going at all. In other words, our destiny as a nation and the destiny of North America depends upon the maintenance of the peace of the world. We can no longer think in terms of adequate defence for a nation or a continent or a hemisphere. We have to see to it that war itself does not break out again.

The hon. member for Muskoka-Ontario was very much to the point when he talked of how people generally are saying that the dire prophecies about the last war did not come true and maybe we can survive another world war. He was quite right when he said that for great sections of the world the dire prophecies had come true in the tragic destruction visited on large sections of the earth, and furthermore, in the terrific economic and social mal-

adjustments we are facing the world over today. I maintain that if we are sensible human beings we simply cannot think at all of pursuing any course that would lead to another war. If you accept the possibility of there being another war and the possibility of civilization surviving another war, why, then, there is logic to this discussion of ways and means of defending ourselves on a national, continental, or hemisphere basis. But if you face the fact that we simply cannot have another war, that it means the end of everything, then we have to find new ways and means of avoiding it. I submit, Mr. Speaker, that dividing the world into two camps, dividing the world into power blocs, has been tried often enough and it has failed in the past and will fail again.

Mr. GAUTHIER (Portneuf): It is easy enough to say that on your side.

Mr. KNOWLES: My hon. friend has made the statement that it is easy to make the statement that our side is in the right.

Mr. GAUTHIER (Portneuf): It is, too.

Mr. KNOWLES: We always do that even in arguments which take place in the house; as for example, the exchanges between the Minister of Veterans Affairs and me. We have them often. I always think he is wrong; he always thinks I am wrong.

Mr. MACKENZIE: But I am right.

Mr. ST. LAURENT: Many more think so than otherwise.

Mr. KNOWLES: I want to assure the house that that little dialogue was unrehearsed; but it does drive home my point. It reminds me of an experience I had a little over a year ago, in the month of February, 1946. It was then two or three days after the Prime Minister (Mr. Mackenzie King) had announced the investigation that was to take place into the espionage situation. By the strangest of coincidents I had the privilege at the time of being in Moscow, and on this occasion—it is particularly in my mind because of the little interchange that my right hon. friend and I have just had—there was a reception held at the Canadian embassy in Moscow. There were three Russian visitors; they were on a semi-official level. One of them was a lady who was the head of the society for cultural relations with foreigners; the second was an army officer who maintained liaison relationships with military attaches of other embassies in Moscow, and the third person was an official from the protocol division of the Russian foreign office. As was natural, because of the situation which had developed owing to the announcement about the espionage matter, we had quite a lengthy conversation. I will not go into all the details of that conversation, but it reached a point something like this. These people said to me: "What worries us is that the news which has come out"—they were not discussing the merits or demerits of the case at the moment —"has released such a flood of anti-soviet feeling and anti-soviet propaganda in the Canadian newspapers." That was the principal feature which was being reported in the Moscow newspapers at the time. I tried to explain the freedom of the press as we have it in this country, but we got along to the point where I tried to show to my three Russian friends to whom I was talking the real basic difficulty; I said, "I must admit that our western people are afraid of you, afraid there is going to be another war." With a response that was so ready that I could not avoid feeling it was genuine, they said to me: "Why are you afraid of us? We are the ones who are afraid of you." I was equally taken aback at the thought that they were afraid of us as being the people who might bring on another war. Our conversation carried on. There were five or six of us at this time because one or two of the Canadians had joined us, and we agreed that we had there the epitome of the world situation, a camp on one side afraid of the other, but not for one moment thinking that the reverse is the feeling over in the other camp.

Somehow or another we have to try to break that down. In my view we shall not break it down by adopting the attitude which my hon. friend suggests, always assuming that the other side is wrong. I do not mean to suggest that we go to the other extreme and always assume that we are wrong. What we have to do is to face the thing objectively and set as our aim the breaking down of this division into two camps and get the world together in some sort of international organization which, as the hon. member for Muskoka-Ontario has just said, if there is not some hope in it, then there is no hope in anything.

During the course of this debate it has been said that we must be practical. I agree. The suggestion was made last night by the hon. member for Shelburne-Yarmouth-Clare (Mr. Baker) that those who talked in any other terms than regional defence arrangements such as this envisages are being unrealistic and that he was tired of that kind of thing. All of us, of course, can use that language. We all like to think that we

are the ones who are realistic and that it is the other fellow who is being impractical. I want to suggest that the most unrealistic approach in the world today is the approach that thinks we can defend ourselves by some sort of regional defence; that we can defend ourselves by tying up no longer with the British navy but by tying up to the might and power of the friendly nation to the south of us. That, Mr. Speaker, is completely unrealistic. The practical position today is to realize that there is no defence except to end war itself; that the destiny of this country, the destiny of Britain, the destiny of the United States, the destiny of all countries of the world is wrapped up in the maintenance of world peace for all time. It is that or nothing. We must make as our main aim, our main course, the following of ways and means that will somehow reverse the tragic trend which things have taken in the past few months.

I felt that the hon. member for Muskoka-Ontario was describing the situation correctly when he referred to the deterioration that has taken place in relations between the western camp and the soviet camp in the last number of months. We must remember —and I hope that some day we can recapture it—the high idealism and the high hopes that were raised at the time of the San Francisco conference two years ago. At that time, although the war in Europe was over, V-J day had not yet come; and it was a mark of deep significance that here was a world which was not yet over a terrible war but which was already making plans to build an international organization that would keep the peace which was yet to be won.

Mr. BAKER: May I ask a question?

Mr. KNOWLES: Yes.

Mr. BAKER: Does the hon. member think we shall establish world peace by disarming and by not taking all the advantage we can of our allies, while Russia arms and is going through a systematic process of building up her armies? Does the hon. member think we can maintain peace by disarmament and breaking away from our allies; or by arming and showing that we can defend ourselves? I should like him to answer that. I am being practical now, but the hon. member has attacked me.

Mr. KNOWLES: I did not attack my hon. friend; I took his words and used them. The question that the hon. member has asked points up the very thing that I am trying to say, namely, that in my view the building of defences is based upon the premise that we are to have another war and that it is perfectly proper for the other fellow to build his defences too. That means that in due course we have a conflict and our defences on both sides are of no use whatsoever. I believe the hon. member for Muskoka-Ontario was not talking in paradoxical terms but was being pretty practical when he said we have to show firmness, we have to make it clear that we are not weak; yet at the same time, or, as he put it, we have to go farther and find ways and means of bridging the gap between these two camps and bringing them closer together.

Now I want now to come a little more closely to grips, if I can, with the point raised by the hon. member for Shelburne-Yarmouth-Clare, who referred to the way in which the Soviet Union is enlarging the number of states coming under its control. It is interesting to note the way in which we refer to the nations that come under the control of the Soviet Union as satellites of that power, and the way in which we refer to the troops of the Soviet Union in those other countries as being an outrage. And I quite agree; I do not deny it for a moment. But it is strange that when we have foreign troops on our own soil we call it a natural process, or working along with people of like-minded notions, or friendly relations with a friendly power. We are honest when we say these things; when hon. members use these phrases in this house during this debate that is what they mean, but it does not look that way to the people in the other camp, just as the things they are doing over on the other side of the world do not look like a natural process, or the soviets working along with people of like-minded notions, or friendly relations between friendly powers.

Mr. FERGUSON: Who started it?

Mr. KNOWLES: My hon. friend means, who started this deterioration of relations between the Soviet Union and the United States?

Mr. FERGUSON: No; who started moving their troops into other countries?

Mr. KNOWLES: As far as the future is concerned, as far as maintaining world peace is concerned, it does not matter. When we have had an atomic war and we are all dead, it will not make much difference who started the thing. What matters is that we put some thought and effort now into trying to prevent it.

I should like to get along now to what I consider a practical suggestion to try to put a stop to this policy which the United States,

on the one hand, and the Soviet Union, on the other, are pursuing. I think they are both wrong; and hon. members may take their choice as to who started it or who is the worst protagonist of the policy. I believe they are both wrong. I believe the Soviet Union should be condemned in strong language for what it has been doing by way of gathering in a larger number of satellites and trying to push out its frontiers, giving the western camp the feeling that war is coming. I think it is equally wrong for the United States to have gone beyond the famous Monroe doctrine to a Truman doctrine that extends the military and political barriers of the United States half way around the world. We are now being drawn into this United States policy; we are capitulating to it, and I think this country at this moment has a supreme opportunity. We can turn down this idea. We can say we are not going to have United States troops in Canada in peace time. That would be the first move by any small country against the Truman policy or the Stalin policy, and it would put us in the position of being able properly to criticize the Soviet Union for what they are doing as well as the United States. It would also strengthen our position in the councils of the united nations.

An hon. MEMBER: It would make us absolutely helpless.

Mr. KNOWLES: Not a bit of it. It would restore us to a moral position we are fast losing in the councils of the united nations. It took a long time for this country to convince the other nations of the world that we had an independent voice. We took a long step in that direction after the last war, when Canada was accepted as a signatory to the treaty of Versailles and as a member of the league of nations. It has taken a long while to convince the rest of the world that we are not just a daughter of the mother country, and that we speak for ourselves as an independent nation. Now, barely out of that era, we find ourselves being thought of by other nations of the world as a tool in United States foreign, economic and military policy.

Mr. FERGUSON: Nonsense.

Mr. KNOWLES: It is not nonsense at all. I had the privilege of attending one session of the united nations; and, while there, it was my experience that we were losing ground, not because of our close connection with the United Kingdom, but because of our close connection with the United States. I suggest and I insist that at future meetings of the united nations any attempt by Canada to express views on this division of the world into two camps will simply not carry any weight at all, because we are part of the United States scheme; any more than to us the voice of Poland, or Yugoslavia carries any weight, because we say they are just expressing what is in the interests of the Soviet Union.

Mr. MARTIN: Will my hon. friend permit a question? He mentioned that he attended one meeting, the first part of the first assembly of the united nations, and he spoke of the reputation Canada had at that meeting. To confine my question to that meeting, does the hon. gentleman know of any country whose reputation was any higher in its desire to collaborate in important matters affecting the peace of the world than Canada?

Mr. POULIOT: If he remained awake during the sitting he deserves a lot of credit.

Mr. KNOWLES: Of course the question is worded in such a way that you just cannot answer it; that is why the minister worded it as he did; but I will say to him that he knows we stood high on the first ballot for election to the security council. We did not get elected to that council, however, and it is my view that was largely because we were favoured by the United States, and—

Mr. MARTIN: Surely that was not it.

Mr. KNOWLES: I got around and talked to a good many people, too. I did not waste any time while I was there.

Mr. GIBSON (Hamilton West): Perhaps they looked at some of our representatives.

Mr. KNOWLES: I beg your pardon? These interruptions mean just one thing. They mean something is being said that is hitting home. I know just as surely as that I am standing here that at the next meeting of the united nations, with United States troops on Canadian soil and the whole infiltration that is going on into our national life, our voice on these matters, as I have said already, will not carry any more weight with those on the other side than does the voice of Yugoslavia or Poland with us when they speak on these same matters.

Mr. FERGUSON: Your voice won't be there.

Mr. KNOWLES: The voice of Canada will be there.

Mr. MARTIN: Then how do you explain that Canada was elected for the longest term possible to the economic and social council, at the same time as it was up for election to the security council?

Mr. POULIOT: It is because that council is not of any importance at all.

Mr. KNOWLES: Oh, no. I may argue with my hon. friend the Minister of National Health and Welfare. (Mr. Martin), but I cannot agree with the hon. member for Temiscouata (Mr. Pouliot) on that. To me the most hopeful feature of the united nations is the economic and social council; and one of the things I am really proud of is that Canada played such an important part at San Francisco in helping to get the provision for the economic and social council written into the charter. I think that was one of the reasons Canada was accorded such a high position on that council at London.

Now, Mr. Speaker, to conclude, I want to put before the house and before the government as a serious suggestion the thought that the hon. member for Muskoka-Ontario has posed the problem very well, and that we must try to find some way to reverse the deterioration which is now taking place in relations between the western camp and the soviet camp. We will not reverse the trend by allowing ourselves to be pulled into the western camp. We might have a chance to reverse it if we stopped this trend and, by prohibiting United States troops coming onto our soil, put ourselves in the strong moral position of being able to speak with an independent voice and to play, not a lesser but a greater part than we have played in the past in the councils of the united nations, which, despite what has been said by the hon. member for Temiscouata, to me holds out the only hope for peace in the future. Let us not, on the one hand, boast of our membership in the united nations and talk of the great principles of collective security, and, on the other, follow the old methods of regional defence, the old ideas which led to war; for in our day war is no longer something which we can have and survive. War is something that means the end of everything. In the name of the people of this country whom we represent, in the name of humanity—the welfare of which is the purpose of the united nations—let us use some real sense and try to grapple with this problem in an effective and practical way.

I close with this final plea to the Secretary of State for External Affairs (Mr. St. Laurent), that he see the meaning and the value in the suggestion which we have made that this whole matter go to the external affairs committee before second reading, and that he therefore accept the amendment made by my colleague the hon. member for Regina City (Mr. Probe).

Mr. T. L. CHURCH (Broadview): I am very much interested in what the previous speakers have said, and in the changes in the policies of hon. gentlemen to my left. I remember the position which those hon. gentlemen took in this house during the dark days six months before the war broke out in 1939. They said, "Let us depend on Washington for peace. What have we to do with Britain's wars?" One of them wanted to reduce the defence estimates of my hon. friend the present Minister of Veterans Affairs (Mr. Mackenzie), who was then Minister of National Defence. I called the attention of the house to the six hundred miles of unprotected coastline in British Columbia, from Puget sound to the southern Queen Charlotte islands, which had no defence at all if the British fleet were withdrawn from the Pacific in the event of war which I saw coming. After the war started, I said to these gentlemen, "Where are now you prophets who prophesied?"—as the hon. gentleman and the minister are prophesying tonight. I quoted Jeremiah, chapter 37, verse 19, to those gentlemen:

> Where are now your prophets which prophesied unto you, saying, The King of Babylon shall not come against you, nor against this land?

These hon. gentlemen, six months before the war broke out, believed in the policy that our defencelessness was our greatest asset. In March, 1939, I moved the adjournment of the house to discuss the matter and told them that war was just about on us, and all that kind of thing. Now what do they say? What does the leader of the party say? Miss Agnes MacPhail, who is not now a member of the house but who at that time represented the constituency of Grey-Bruce, said, "Why do we need to go looking for defence across the water to Glasgow and to London", that we could get all the defence we wanted at Washington and to remember we were on the North American continent. That was the policy of the pacifists. They believed in peace pacts, peace notes, the league of nations, agreements and all that kind of thing—something which caused this second war as well as the first one. I would go as far as anybody in this house in paying respect and showing admiration for the cooperation of the people of the United States. But do not forget this. Had we depended on hon. gentlemen to my left and on Washington for defence, and not on the British fleet, what would have happened? That fleet gave us and all America protection for 200 years. It was the British fleet that saved American shores before the war started. That fleet was the real Monroe doctrine.

Where would we have been if we had adopted the policy of hon. gentlemen in the C.C.F.? We would have been invaded, and we were very close to being in that position. The hon. member for Temiscouata (Mr. Pouliot) made a fine speech last night. In some respects I agree with what he said. The axis fleet was right up along the coast of Newfoundland, in the St. Lawrence and other places like that. We were very close to being invaded.

The hon. gentleman who preceded me did not refer to the bill at all, or its object or principles.

Mr. KNOWLES: I dealt with the amendment, and that is what is before the house.

Mr. CHURCH: He was one of those to whom I referred when I quoted Jeremiah, who put his dependence in peace pacts, our defencelessness and all the rest of it. But Winnipeg, in which his constituency is situated, raised a large force of magnificent troops when Canada was at war.

I wish now to come to Bill No. 253 and bring the house back to what we are discussing. The bill is based on the statement of the Prime Minister (Mr. Mackenzie King) on February 12 last, which deals with seven clauses and different aspects of defence and collaboration with the great nation to the south of us to whom we owe so much.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. CHURCH: Mr. Speaker, just before the recess at six o'clock I had been referring to our hon. friends to my left, and had stated that they were not the only pacifists in 1939 in the country. The debate then on the reduction in the estimates speaks for itself.

I wish to deal with the principle of the bill, because that is what is before us on second reading. True it is that the speeches come within the wide latitude given by the Prime Minister when he addressed the house on February 12 of this year, upon which occasion he outlined six or seven means of collaboration with the United States in respect of defence. No doubt what the Prime Minister said on that occasion has influenced some members who have spoken in this debate.

What is this bill? It is to make provision for the discipline and internal administration of visiting forces of the United States of America, when present in Canada with the consent of the government of Canada. The provisions of the criminal code, which are declared inapplicable to members of the United States forces, are applicable to the other dominions. They apply to Australia, New Zealand and to the other dominions within the empire, but not to the United States.

The sections in the criminal code I refer to have reference to unlawful drilling, the use of offensive weapons and many other matters. I would call the attention of the house to the principle of the bill, because as we look at the world today we look at a very dark picture indeed. Two years ago, at the close of the war, Great Britain and her dominions stood at the pinnacle of their strength, and stood as a bulwark for the protection of civilization, liberty, and all that kind of thing. During four centuries Britain has saved the world and the empire from a slavery worse than death. I refer to the days of Philip of Spain, Louis XIV, Napoleon, and even twice in our own generation against the axis powers.

The New York *Times*, in a recent article dealing with this matter said:

> From the day it broke away from the British empire the United States has been living in large measure under the protection of that empire and in particular, of the British fleet.
>
> This was not necessarily an altruistic action on the part of Britain, but in days when Europe was the world's powerhouse and when Britain held the predatory European empires, it was to her own best interests to keep other European powers out of the western hemisphere. It was this interest which inspired the Monroe doctrine which was proclaimed by the United States as its own, and was really made effective by the British fleet.
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> It was the same interest which in the final analysis safeguarded the freedom of all the Americas.

That is absolutely correct; it is the verdict of history. When I speak with respect to the principle of the bill, I would also, as have other members, speak about the duty this country owes to the people of the United States. In that connection I would point out that in my view the bill before the house violates the principles of the Rush-Bagot treaty. It is an absolute violation of that treaty. There is no doubt that we owe a great deal to the United States, and it is possible that our collaboration with them and Britain may save us from a third war, or, as F. D. Roosevelt called it, a war of survival. There can be no doubt about that. If we are to save the world, then the western democracies, Great Britain and the United States, must have absolute cooperation and collaboration in all important matters, and protest now against Russian plans to dominate the world.

I believe that throughout the war we surrendered too much initiative to Washington in our military, political, economic, social and financial spheres. I am one who believes we have gone too far in that direction, and the United States would have more respect for us if we told them that. I still maintain that patriotism is the cement which binds nations together.

In the Lay of the Last Minstrel, Sir Walter Scott said:

> Breathes there the man, with soul so dead,
> Who never to himself hath said,
> This is my own, my native land!
>
> And, doubly dying shall go down
> To the vile dust, from whence he sprung,
> Unwept, unhonour'd, and unsung.

I believe there are some people in this country who do not appreciate those lines. In the first and second great wars we were saved from war on our own soil by Britain's magnificent fleet, when the enemy came right to our gates. Portions of the axis fleet were right in the gulf of the St. Lawrence, around Newfoundland, and we were saved by the British fleet from the awful results of invasion of our own soil.

Let me repeat that in my view this bill is in violation of the principles of the Rush-Bagot treaty. I do not know who has asked for the measure. I am wondering what the effect will be when it is read alongside the statement made by that great President Truman who will visit this country within a few days. I know he will be received with open arms, as a tribute to a great nation of which it is his honour to be the President. But it was only on Monday last he issued a statement in which he advised the United States to arm, or to invite extermination. A commission to look into military training has been operating in the United States, and its statement speaks for itself. The President asks for $1,750 million each year for universal training of those from eighteen years of age up.

In view of the statement made last Monday by the President, I believe we must read what he said into this bill. Mind you, I am not objecting to a reasonable amount of cooperation; but we must still remember that we are part of the British empire. While I am opposed to a complete programme of internationalism, I still favour it to a degree. In my view, internationalism should stay where it has always been, namely with Great Britain and her dominions, because that has been the only league of nations which has ever been successful in the history of the world. And why we should go outside it today, I do not know.

It was pointed out by my former leader only a few days ago that we have had no imperial conference. At that time he was referring to defence matters within the empire. When here in Ottawa, Mr. Curtin and Mr. Fraser, the prime ministers of two of our sister dominions which are now being seriously threatened so far as their security within the British empire and the world is concerned, are showing considerable interest in this matter.

I urge that this should have first been considered in an empire conference. The other prime ministers I named would have liked a conference in which Canada would join, but Canada rejected it. We now see the result of it in the statement made to the house by the Secretary of State for External Affairs (Mr. St. Laurent) on Monday last. The question was raised by me of the announcement by Mr. Bevin on May 16 in London as to giving up our British bases in the Mediterranean, Suez and the middle east, abandoning that whole area, to retire to East Africa, unwept, unhonoured and unsung and the empire scuttled in this way, and Canada never heard of it. Where would we have been in the last war if we had given up all our bases?

Away back in 1939 some people right here in this house seemed to believe that we could depend upon Washington for all the defence we needed. It was said: Why do we want to go to London or to Glasgow for defence when we can get all the defence we want in Washington? If we had given up those bases; if we had not kept Hong Kong, Malta and the other great bases; if they had been given over to an international body, where would we have been during the last war? We would have had to be neutral, too. They said that we should go to Washington. The United States came into the war after it had been on for nearly two and a half years because they were invaded; Russia came into the war because she was invaded, but Great Britain went to war in the defence of Poland to which she had given a verbal agreement, afterwards a written agreement. Lord Bennett said:

> We have not had an imperial conference for some time at which all of the commonwealth was represented and we have no parliament which speaks for all. We, therefore, are developing separate policies in the various nations of the commonwealth and you cannot have a commonwealth last long if all the nations that comprise it are developing separate policies.
>
> What we are facing is the greatest crisis this country has ever faced—and the epitaph has been written in cold-blooded terms just as accurately as far as guessing can be accurate. Many countries believe we are through.

In my opinion we should have called a dominion conference on the principles of this bill.

I do not believe in Bill No. 253. I do not believe in the present methods adopted by the united nations. They have given us very little satisfaction. Even Mr. Attlee said he was disappointed in their first year. I believe that what is going on in New York now will lead to untold disaster for the people of this country if we depend upon that agency alone as we did upon the old league of nations before. I further believe, as to this bill, in the words of Mr. Churchill, who said:

> I have never conceived that a fraternal association with the United States would militate in any way against the unity of the British commonwealth and empire, or breed ill-feeling with our great Russian ally, to whom we are bound by the twenty years treaty. I do not think we need choose this or that. With wisdom, and patience, and vigour, and courage, we may get the best of both. We have often said of our own British empire: "In my father's house there are many mansions."

That is correct. This bill and the provisions contained in it should first have been considered by the dominions at a meeting, like they used to have every few years to solve these dominion questions of trade, defence and migration.

Russia was referred to today by the hon. member for Muskoka-Ontario (Mr. Macdonnell). I believe that the western democracies should speak out plainly as to what they believe. Unless there is a united effort by Russia and the senior members of the democracies, the United States and Britain, to come to an agreement, there will be, as that great president, Franklin D. Roosevelt, said, a war of survival. If another war comes, it will be a war of survival. It certainly will be a war of survival for the western democracies. The only way in which it can be stopped is to make it plain to the other great nations that we want their help in order that there may be peace on earth and good will toward men for all time, and the time is now to oppose the aims of Russia for world supremacy.

Under this bill it is proposed to have the armed forces of another country here in Canada. In view of what has been said, I think we should have the advice of our military advisers. What is the necessity of having those armed forces here at the present time? They can do no good. They are proposing to send a large Canadian army to the United States to train. It is true that in the last war the Royal Air Force had bases down south, in Mexico, but that is another matter.

Bill No. 253 must be considered along with another matter, the giving up of bases along the Atlantic from Newfoundland to British Guiana. These have been given to the United States under a 99-year lease, which is practically a freehold, as any lawyer will tell you. That lease should be cancelled, and its cost charged to lease-lend by the United States. Now they are coming on to the land. Are we to have these forces come here? I wonder if the matter was taken up at Washington. I referred to this matter in another debate on civil aviation in 1944 when it was proposed to give up certain bases to an international body. After all is said and done, our history books will have to be rewritten if what is going on now is correct. It is said now that we owe nothing to history; that everything is internationalism; that we owe nothing to patriotism and all that kind of thing, and that Britain and the dominions come second to internationalism. If this goes on we shall have to revise our history books. The same complaint has been made about the histories in the United States and in Canada. We are being asked to give up some of our sovereign rights and to change our status. We are being asked to give away these rights, and I am not referring only to the United States now.

I say: Let them use the bases and give them the raw materials up to our capacity to give, but give them bases by sovereignty—no. If we had given them away before we would have lost the last war. We would never have been in the last war. If we had an international policy in connection with the giving up of parts of the empire—bases—if we had given them up, where would we be today? As the Prime Minister said:

> The Canadian government strongly favours a policy of international collaboration and cooperation in air transport and is prepared to support in international negotiations whatever international air transport policy can be demonstrated as being best calculated to serve not only the immediate national interests of Canada but also our overriding interest in the establishment of an international order which will prevent the outbreak of another world war.

I then went on to say what would apply also to Bill No. 253, that we should be ready to cooperate with our allies. I said we should allow them to use our air bases, but we should not give away sovereignty over them. The empire has thrown back its enemies from without and in my opinion she will go on to destroy them. Now is the time that we should try to recapture the spirit of empire and our faith and pride in our dominions and in our trade and commerce. The empire is a living thing and should not be allowed to go by default or into liquidation. The mother country and the dominions fought this battle alone for two years. Our soldiers carried on with those from India, New Zealand, South Africa, Australia and the

empire training plan. We stood shoulder to shoulder in the snows of Labrador and Newfoundland and in the heat of India and the far east.

In the days before the war you could go into any large port and find fifteen or sixteen ships from different parts of the empire carrying on their trade. I believe that this same spirit of empire cooperation will continue in the years that are to come. Canada should be ready to go along with the dominions and the empire. The time has come when the government should tell this house and the country what our relations are with the other sister dominions who fought along with us for two years to save civilization. One of our great allies stood aside for over two years with Germany, but Russia has since made a glorious record in the last two years of the war with Germany.

That is the speech I made in 1944, before the war was concluded. I was referring to the policy which should be adopted then—this would apply also to this bill—in connection with the use of bases and having forces in the country. In view of the Prime Minister's statement on February 12 last, I have yet to hear any real reason given for permitting troops of another country to be in Canada two years after the war.

One million men from the dominions went to the help of the mother country in the first world war and 130,000 of these men fell on the field of battle. These men went under their own status, autonomy and sovereignty, and what they did voluntarily changed the whole history of the world.

So far as this bill goes, I have my own views in connection with it. It simply comes down to this: Are we or are we not to continue to be a partner with the mother country in the defence of the empire and the world? We were her partner in two great wars, and the result was that the axis parties were defeated. In my opinion you are going to have wars until you change the hearts of men, and instead of sending delegates all over the world to leagues and the UNO—and we are sending them all over the seven seas now—we should be sending out missionaries to them to change the hearts of men. Without that, war is never far off. I have already quoted in the house the exact words of Premier Attlee of Great Britain in calling the attention of the country to the present danger of war.

Civilizations arise and continue to exist—and all history is the witness to the truth—when conditions are hard, only when they are continually threatened, only when they are determined to maintain and defend their rule. They decline and fall when the external pressure is removed, or the inner spirit decays. The surrender may disguise itself in many forms, of which humanitarian sentiment is one. F. S. Oliver wrote:

> If a country will not stand up for its rights, it must surely lose them. The spirit of giving in is the most fatal disease to which nations are subject, and it is apt to attack them, like a cancer, when they have arrived at the meridian.

As W. MacNeil Dixon says, in "The Human Situation":

> When England's day comes to an end the principles which have contributed to its coming, Christian, pacifist, or whatever they may be styled, will not thereby be strengthened. On the contrary, such is the irony which pervades things human, they will have brought about their own eclipse, their own dissolution, and all the triumph of the opposing principles. The decline and fall of England, which will rejoice her enemies, will not be England's decline and fall only, but of all for which she stood, and not till then shall we know the extent of our miseries. I, at least, am not of the opinion that humanity, justice, freedom or Christianity, will be gainers in that fall.

Next to the Christian faith no other agency has done so much for freedom, liberty and civilization as the mother country has done with the aid of the dominions. It has stood like the Rock of Ages. We should study the history of the empire and learn what it has stood for in the way of defence. Do not forget that if the dominions do not hang together they will hang separately, as none is able to go it alone, and the mother country will become a small empire like a second Denmark on the edge of Europe. Quebec would have been invaded in the last war and so would Ontario and the maritime provinces if Britain had not extended her help to us in Canada by the fleet. This country went to the aid of Britain and France in the first great war, and tens of thousands of our young men from the province of Quebec and other provinces lie buried in France until the resurrection morn.

Mr. D. S. HARKNESS (Calgary East): Mr. Speaker, most speakers who have taken part in this debate have agreed that if United States forces are to come into this country a bill such as this to provide for their discipline and internal administration is necessary. The main argument has revolved around the much wider question of the defence of Canada and, related to that question, whether we should admit United States forces to this country and to what extent, if they are admitted, that would infringe upon our sovereignty. So far as these latter questions are

concerned, we must take a practical and realistic view. I think we are all agreed that we would like Canada to reach the theoretically perfect position of being able to look after our own defence entirely by ourselves, but the plain fact is that we have not one-quarter of the population which would be required to do that, so that in my view it is foolish to talk about it. Therefore we must depend upon the help of our natural friends and allies, the British empire and the United States.

There are a few members of this house who, judging from their remarks, do not believe in the united nations; but even they, I am sure, earnestly hope, as well as the rest of us, that the united nations will become an effective instrument to maintain world peace. At the present moment the fact is that it is not such an instrument and the prospects of its becoming such in the near future I think everyone will agree are not very good. Under such circumstances, it would in my opinion be absolute folly to rely on the united nations and not to take the best measures that are otherwise open to us for our own defence.

Our geographical position makes our defence and the defence of the United States one problem in these days. I think everybody who has looked into the question is convinced that any possible war which might break out will be waged, in the first instance at least, in the air, and the targets for that airborne attack will be the heavily industrialized areas of the northern part of the United States and the southern part of Canada. To win the war, the enemy would have to knock out that industrialized area and destroy our potential war-making capacity on this contintent. The areas, that is to say the land mass of Europe and Asia, from which any airborne attack could be launched, would send either planes, rockets or any other type of missiles against the targets I have indicated by the great circle routes passing over northern Canada. Those are just simple facts which practically everyone will admit. If that is so, it seems to me that the least we can do is to cooperate with the United States in setting up experimental stations in the north to devise, if it is possible to do so, a defence chain against a possible attack coming in over that area. Furthermore, I believe that a bill of this kind is necessary to enable us to do that; therefore I am in favour of it.

To me the whole situation stripped of what I would call probably the unessentials, comes down to this. Are we prepared to cooperate with the United States in the defence of this continent or not? The whole thing can boil down to that one question. To me it is inconceivable that anyone should be opposed to such cooperation unless his sympathies lie with the only possible aggressor at the present time. So far as I can see, the only possible aggressor for several years is Russia; or unless he is one who is desirous of introducing into this country a system of government and an economy which is similar to that practised in Russia. Apart from people of that kind, I find it inconceivable that anyone would oppose the idea of cooperation with the United States in the defence of this continent.

The people who appear to be afraid of this bill are allowing their desire for peace and for a successful united nations completely to obscure the realities of the position in which we are and in which the whole world is at the present time.

The attitude of the C.C.F., as exemplified by the speakers who have taken part in this debate seems to me to be essentially a return to the attitude adopted by them in the ten years prior to the outbreak of the war just concluded. It seems to me that their outlook on questions of this kind is exactly the same as that of many friends of mine in Calgary. In the period before the war, these people were all members of the pacifist league and of this, that and the other thing. They advocated constantly that we should take no steps in the matter of military preparedness. I have had many of these people speak to me in a condescending and sneering way. They wondered why I was such a fool as to devote part of my time to militia training during the period. They seemed to insinuate that my intelligence was of a comparatively low order because I was wasting my time in such a way and held the view that another war might come and that we should prepare for it. As I say, I am afraid—and it alarms me—that the attitude of the C.C.F. at present is a return to that attitude. If that is so, it behooves all the rest of us to make sure that that attitude does not come in to anything like such widespread favour as it had in the period between the two wars, and result in our becoming so weak that another war would be brought on.

This afternoon the hon. member for Winnipeg North Centre (Mr. Knowles) said, "If you accept the possibility that there may be another war, then this bill may be sensible". If I have not quoted him correctly I am sure he will correct me.

Mr. KNOWLES: May I just conclude the sentence? The hon. member was quite correct so far as he went. I said, the possibility of another war and the possibility of the world surviving.

Mr. HARKNESS: The hon. member said, "If you accept the possibility that there may be another war". He then went on to say that he could not accept it. Following that, he began to talk about being realistic. If there is anything which is completely unrealistic I think it is that statement. Anybody who thinks about the question at all must admit that there is the possibility of another war. You cannot escape it. As a matter of fact I would say that if you think at all you cannot escape that conclusion. Certainly there is a possibility of another war, and anybody who argues that there is not that possibility is completely shutting his eyes to the reality of the situation and of the world in which we are.

Personally I feel strongly that I, myself, and a large number of other people, have suffered enough during the six years of war which we have just gone through from theorists of that kind. In my opinion it is people with the attitude of the hon. member for Winnipeg North Centre who were responsible to a large extent for the fact that there are now thousands of Canadian graves in Europe. It is all very well for these theorists to talk about the horrors of war and all that sort of thing, but hardly any of them have seen any of the horrors of war. Not many of them have seen their comrades killed or helped to bury them or helped to wash the blood from their hands. All they do, as a matter of fact, is to take the "holier than thou" attitude.

Mr. WRIGHT: Mr. Speaker—

Mr. HARKNESS: The hon. member will have his turn in a moment.

Some hon. MEMBERS: Privilege; sit down.

Mr. SPEAKER: Order. Does the hon. member wish to raise a point of order?

Mr. WRIGHT: A point of privilege, Mr. Speaker. The hon. gentleman has just made a somewhat rash statement.

Mr. FERGUSON: A true statement.

Mr. WRIGHT: He said that members of this group had not seen the horrors of war. Well, I will say that if he will look through the records of the parliamentary guide he will find that there are probably as many members of this group who have seen the horrors of war as there are in his own group.

Mr. ROSS (Souris): No, you won't; that was done.

Mr. WRIGHT: I ask you, sir, to ask the hon. member to withdraw that statement.

Mr. HARKNESS: Mr. Speaker, I did not refer to the hon. member for Melfort; I referred to the hon. member for Winnipeg North Centre and other long-haired theorists with the same view, and I am not prepared to withdraw my statement. I did not suggest for a moment that there were not in the C.C.F. party men who had taken part in war.

Mr. NICHOLSON: The hon. member did suggest that.

Mr. HARKNESS: I suggest that the people who do most of the talking about these things in their party are the people who know nothing about it, and I still stand by that. Certainly the people who have talked in this debate are the people who do it every time and have no experience to talk from.

The hon. member for Skeena (Mr. Archibald) seemed to be concerned with the fact that this bill would cause us to be swallowed up by the United States and add a few stars to their flag. I do not believe—and I will say right now that I am a staunch upholder of the British connection and our Canadian nationality—that there is any danger of that whatever. I shall have no fears on that score at all. It is merely a bogey, a red herring, or whatever you wish to call it.

The C.C.F. amendment, so far as the wording goes, is innocuous. However, the accompanying speeches, those of the hon. member who proposed the amendment and those made by all the other members of that party, have made it abundantly clear that their purpose in moving this amendment was to send the bill to a committee, where it would die and that would be the end of it. In other words, it was their hope to kill the bill and get rid of it by having it referred to a committee.

That being so, I am going to vote against the amendment, and I sincerely hope it will be defeated. However I believe we should be given the answers to the questions which have been asked by many hon. members, particularly by the hon. member for Vancouver South (Mr. Green) when we consider the bill in committee of the whole. I trust the ministers concerned will answer these questions and make the whole situation as clear as possible.

Mr. T. J. BENTLEY (Swift Current): Mr. Speaker, I did not intend to take part in the debate at all, but now that I have decided to do so I shall begin my remarks by saying I agree with the statements which have been made by the members of my group. I was deeply impressed with the fairness of the statements made by the hon. member for

Vancouver South (Mr. Green) and the hon. member for Muskoka-Ontario (Mr. Macdonnell). I was impressed to some extent by some of the things said by the member for Vancouver-Burrard (Mr. Merritt) and the hon. member for Acadia (Mr. Quelch). But I am not the least bit impressed by some of the things said by the hon. member for Portneuf (Mr. Gauthier).

An hon. MEMBER: That is too bad.

Mr. BENTLEY: Yes, it is too bad. I am not even impressed by that. I presume the hon. gentleman who interjects can catch your eye later on, Mr. Speaker, and make whatever statement he wishes. If anyone thinks I have my head in the sand, of course that is his privilege.

Many things have been said which indicate a wide range of ideas in the house with regard to this bill. One or two things in it concern me particularly; and I hope that when I say what I have to say I shall not be accused of being a narrow nationalist. I do not want to be one of those people who can be described in that way. I may have some tendency in that direction, being a Canadian. I know there are members of this house who came here from some other country and made a useful and valuable contribution. I honour them. They have another place to look back upon as their home. This is the only home I have had, and it has been the home of my ancestors for 200 years. So, if I say some things that sound like narrow nationalism, I hope they will not be taken in that way, but that hon. members will understand them to mean simply that I like this country. I do not want any other country to look back upon. I want to stay here in my humble way to make this just as great a country as its possibilities will permit.

Mr. POULIOT: You are too broad-minded to be looked upon as narrow-minded.

Mr. BENTLEY: I thank the hon. gentleman for that statement. I might have included him among those with whom I could agree on some things; not in his sweeping indictment of the united nations, but in his references to family and community life, with which I agree most whole-heartedly. That is where our living begins; from there it expands, we hope, in friendship. We have tried to keep peace in our own family circles and communities, and I wish it could be done all over the world. I suggest for the consideration of the hon. member for Temiscouata (Mr. Pouliot) that if we could bring the ideals of our families into the whole world of nations we would accomplish a great deal. I know it is not easy, but it is worth trying. Anything that is good is worth trying. It is no use saying it is impossible until every avenue has been explored. It is far better to approach your neighbour or anyone with whom you are dealing by trying to discover the things on which you can agree, than by trying to find the things upon which you disagree. I believe that is a good policy, a good philosophy; and if I were not a poor human sinner I would always try to carry it out.

I am going to say, in all honesty, that I do not see the necessity for this legislation, unless there is behind it some reason which I do not appreciate. If that should be the case it is all the more reason why I should support the motion to have it sent to a committee, where we can get the answers to these questions. As I say, if there is no move behind it, the act itself is not necessary. As a little boy I played around Halifax harbour; that was a long time ago. At that time Halifax was the headquarters of the Atlantic squadron of the British fleet, and the limeys came there whenever the fleet or any of the warships were in the harbour.

Mr. POULIOT: What is a limey?

Mr. BENTLEY: That is just a nickname they give an English sailor. I should have called them English sailors, but the other word came so easily to me, and the Yankees always call them limeys. Occasionally a United States battleship would come to Halifax on a friendly mission. There was never a gun fired with any ball in it, though occasionally a few blanks may have been fired by way of celebration; and I remember that it was an occasion for great rejoicing among the young kids who were looking for adventure when someone would say, "There is an American warship in the harbour. There are some English warships there too. There will be a fight tonight down on the waterfront; let's go and see it." Of course immediately we ducked out the back doors away from our mothers and fathers and congregated down on Water street, outside the rum shops, until the battle started. And we would certainly enjoy it when the Yankees and the limeys got together. I expect there were broken noses and some bloodshed, but pretty soon the police came and broke it up and chased us away and the evening's adventure was over. That is about all there was to it. The law was enforced; and in spite of what happened on one occasion, Halifax is a law-abiding city. They have officers who enforce the laws. I should like someone to tell me what

would prevent the same officers from exercising exactly the same discipline today as they exercised back in the early 1900's, when those warships came in. I give that as an illustration to support my argument that there is no reason for this legislation. We have the necessary law enforcement officers in this country, officers as good as can be found anywhere in the world.

Mr. CLAXTON: The hon. gentleman has asked a question. I can answer it at once if he will permit me. The answer is that service discipline would be exercised in respect of these British sailors the moment they got on their ships, which were there to take them off.

Mr. BENTLEY: And I presume the same thing would be done in connection with the Yankee sailors, as they were called. Why can that not be done today? Why do we need an act today, when we did not require an act then?

Mr. CLAXTON: Because there are a few Americans in Canada at places like Churchill, engaged in the joint testing arrangements with which hon. members are familiar, who are far away from United States soil.

Mr. BENTLEY: That does not seem to me like a very good reason; and here I am coming to where I may be accused of being a narrow nationalist. I want Canada to be an entity, a nation of our own. I do not want this to be taken as expressing any desire to break away from the British commonwealth of nations. That is not my desire at all. That is an association which has grown up, one which we have continued since we became independent. We are now mistress in our own home, not daughter in our mother's home. That relationship is there because we as a nation want it to be there, because we like it to be there. We have no such association with any other nation or group of nations in the world; and I see no need for troops of any other nation to be stationed here for military training, observation or anything else.

I think I have good reason for making that statement. If it were necessary to have troops here for those reasons, Denmark would have a claim, because that country has interests in Greenland, which I believe some people are saying are being threatened at the present time.

The United States has Alaska. Why can they not train there? That is northern territory. Why must it be necessary for us to have military collaboration with the United States in order to do this testing? Why can it not be done on their own soil, if it is necessary? Again I want it to be understood that I am not anti-American. I have too many friends in the United States and too many friends in this country with relatives and friends in the United States for me to bear any ill will to the United States of America. I have nothing but the utmost friendliness for that country; there is nobody prouder than I am that we have that forty-ninth parallel without a fortification on it, and I hope there is never any need for one to be there. I believe that with all my heart. But I should like to see more freedom than there is in crossing that boundary for peaceful pursuits and less necessity for military personnel or equipment to go back and forth. Back as far as 1911, if I remember aright, an election was held in this country with reciprocity as the election issue. I was too young to vote at that time, but I remember being as active as a young person was allowed to be in promoting that idea. I would give serious consideration right now to promoting again, or anyway to thinking of establishing complete trade reciprocity with the United States. At that time the opponents to it said, "No truck or trade with the Yankees". Today I would be prepared to say, in all peaceful pursuits, any amount of truck and trade with the Yankees on the friendliest and best basis. Why can we not buy their motor cars as cheaply as they can sell them? They pay just as big wages as we do to the people who build their motor cars. Why do we not have them here at the same price?

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but I would ask him to confine his remarks to the principle of the bill.

Mr. BENTLEY: Quite right, Mr. Speaker. I expect I was getting far afield in this debate. There has been a slight tendency in that direction, I think you will admit, and I merely followed the tendency. Thank you for the correction, and I shall try not to do it. I was simply doing that, sir, to illustrate the reason why I do not think this bill is necessary if it simply means what it says. I would rather have peaceful pursuits than the interchange of military pursuits.

I come now to the matter of joint defence. There may come a time when it will be necessary. I am not a prophet or a seer, nor is anybody else in this house. In my lifetime I have listened to many people say that at such-and-such a time or in a certain number of years, so-and-so is going to happen, "because I think it is going to happen." I

cannot arrogate to myself the right to say what will happen in the future. All I can do is hope as an individual, and as a humble individual in a nation of individuals who, by the way, I hope are as strong morally as the hon. member for Portneuf (Mr. Gauthier) said we were, but who, even he will have to admit, were not too strong numerically. But in spite of that, I believe we are strong enough to stand on our own feet and to make whatever we believe are necessary preparations for any future eventualities we can see either for peace or for war. When the issue is confronting us, when the decision has to be made, let us then decide, on the basis of the issue itself and our conscience at that time, which, if any, side we are going to take.

The suggestion has been made by some who profess to look into the future, that the United States and Russia will likely be the antagonists in the next war and that Canada will be the battleground. I will admit that is a possibility. Anything is a possibility in this world that we live in, and always has been. But it is not inevitable that that will happen. It is not inevitable, on the checkerboard of politics in the international field, that finally these two tremendously strong nations will not find a way of resolving their differences. It is not even inevitable, if they do fight, that we have to be the battleground, although I will admit that is a strong possibility. But if we have to be the battleground, I should prefer Canada to be the battleground on one of two conditions. The first would be that we decide we would take no active part; we would declare ourselves neutral—

Some hon. MEMBERS: Oh, oh.

Mr. BENTLEY: Hold on a minute; don't laugh—and leave the responsibility for occupying our country on the nation which undertakes to do so in the face of our declaration of neutrality. That would be one choice which we would have. That may not be a pleasant choice. I will agree that would not be a pleasant choice. It will not be pleasant if we have a war. There will be nothing pleasant about it, no matter what our choice is. But I say that is a stronger moral choice than any other we could make.

On the other hand, we could make a second choice and decide which side we would be on. If we took the first choice, we would try to defend ourselves with whatever strength we had at our disposal; and with whatever courage we have, we would defend ourselves against the first nation which undertook to make our Canada their battleground. If we were not strong enough to resist them, at least we would know that we had the courage to do all that our strength would permit us to do. If we took the second choice and decided we would take sides, then we would merge our military equipment and personnel on the side which we decided was the right one for us to engage on in the event of that war happening.

Mr. MACKENZIE: May I ask the hon. member a question? Is that consistent with the policy of the C.C.F. in this house when they tried to cut my estimates for defence down to $1,000,000 before 1939?

Mr. BENTLEY: I have made these statements in C.C.F. groups and have never had them disputed when I have taken this attitude there. So I must assume that I am not very far off the general thinking of the individuals who comprise this group.

Mr. CASTLEDEN: Is it consistent with the united nations?

Mr. MACKENZIE: Read the records of *Hansard* and they will tell you.

Mr. BENTLEY: Mr. Speaker, this cross-fire with regard to looking into the records, back history and so on is all very well, but I expect that if we read all through the records of *Hansard* we should find a great many inconsistencies. Right from the beginning of my remarks, I have tried to refrain from party political recriminations against any individual or group in the house. I did that for the simple reason that I started out by saying that I am a humble and patriotic citizen of Canada. While I am prepared to fight any political group in this house on the political hustings on matters that concern us in a political way, this particular issue seems to me to be large enough to be able to command the support, if I am correct, of anybody with any political views who feels the same way as I do about Canada.

There is another thing that I wish to point out, dealing with this matter of war between the two nations which have been mentioned. I have heard fairly strong groups in Canada at times claim that Canada has gone to war at the behest of the United Kingdom government, that we were not independent, that when Britain declared war we were automatically at war. I have heard that claim criticized severely and vocally and, I think, sincerely by the people who indulged in the criticism. Since the Statute of Westminster, we have always claimed that we had complete freedom in that regard, and that we do not have to do that. I would hate to see something happen which would put us in the position of having to go to war at the behest

of another nation, no matter which one it was, if we claim we do not necessarily have to follow the lead of Britain. But even if we did, let me draw this to the attention of the house, that the British people have a twenty-year peace pact with the Soviet Union. If we are a full-fledged and cooperative partner in the British commonwealth of nations, while we do not have to join any peace pact Britain happens to join, I think we should respect it. And if we are going to respect it, we should do nothing which might in any way arouse suspicion against us on the part of a nation with whom Great Britain at the present time has that twenty-year peace pact.

Let us see how this works out. I want to refer to the united nations, because I believe this whole thing is a part of that great organization which we are trying to build. The hon. member for Temiscouata has said it has no value, and I have heard other members say the same thing. I cannot prove that it has. But I suppose we are to have a united nations organization of some kind or another. We may be united as were Joe Louis and Billy Conn when they came together in conflict; when they were united only for a time. Or we may have peaceful relations. But it is likely that we shall have a united nations organization of one kind or another; and I prefer the peaceful kind.

At the present time the united nations may fall short of the glory of God. But the fact remains that if we are to hope for the kind of cooperation and international understanding which I believe everyone here would like to have, regardless of their words, their thoughts or their expectations—and I believe all of us hope sincerely that we may have that—then we must realize that we need some kind of organization. The united nations is one way of trying to set up machinery which will make it possible to bring about that purpose.

Hon. members have heard me speak about cooperative enterprise before in the house; I believe in it. I believe in it, whether it is cooperation commercially, municipally or in local school districts. No matter where it is, it is cooperation. Like the hon. member for Temiscouata, I believe in our family homes, and that in those homes we want peace and harmony, comfort, well being, good will and affection. We want to have those families run as we in those families believe they should be run. We want no other families coming in to tell us how to handle our family affairs, and we have no right to go into other families and tell them how to handle theirs.

But when the two families meet on common ground, where there must be a sidewalk or a road, then they must get together and agree, if they are both going to use community enterprise. They must agree, if they are to take the same responsibilities as to where and how these things shall be built, and what they will be used for. That applies to school districts, to municipalities, to provinces, to the dominion, and it applies to relations between nations which go to make up a commonwealth such as the British commonwealth of nations. And this goes through to the rest of the world, if we are to have peace and harmony in the united nations.

Because of that, I must pin some faith in the united nations, because if we do not have that, then we have the other kind of unity, the kind where tremendous bodies are locked in warfare. And let me point this out, that if we choose that road—and I do not think we shall do so deliberately—but if we choose it ill-advisedly, then we shall subject our children and our grandchildren to unbelievable horrors.

I have helped bury the dead, I would remind the hon. member for Calgary East (Mr. Harkness). I have seen men die around me. I have been through some of those conflicts, as have other hon. members in the house. Indeed, I believe all groups are well represented in that respect. I do not want to see that happen again. But if the new weapons we are told about are even a quarter as powerful as it is said they are, then what we have seen before will be only a tea-party compared with what the magnitude of another war might be. Because of that, I believe we should be most careful in doing anything at all in the parliament of this country which might possibly fan the fires and flames of suspicion which are already too greatly extended across the world at the present time.

I have said these things earnestly and honestly, sincerely believing that I am right in what I have said. And I do wish hon. members would send this bill to a committee until we can get every bit of information with respect to it. If it can be proven to me that this is a better and a necessary thing to do, more necessary than anything we have done before, then I shall withdraw my opposition to it, and gladly. But I should like to know the complete story.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I had not intended to speak in this debate; but, since it began, several thoughts have passed through my mind.

I am not going to oppose sending the bill to the appropriate committee, because if it goes there witnesses can be called and the whole matter investigated from every angle.

Hon. members will not be deterred from further discussion when the bill returns from committee. But in connection with the bill, and with respect to what has been said in the last two days, let me say we must face the fact that we live in a most unsettled world. When I say that I am not for one moment saying that any nation in the world wants war. I do not believe any nation today wants war for the simple purpose of having war; and I am not accusing any nation of any such intention.

But it must be recognized and we must face the reality that we do live in an unsettled world and, to my mind, it is the height of common sense for governments to care for the defence of their country. All countries do it, and it is the height of common sense for this government to care for the defence of Canada. When one speaks about defence he should not be branded as a warmonger. It is only common sense to lock one's door at night. It is the height of foolishness for one to say, "I am going to lock my door tonight, but I hope it will not aggravate my enemy. I realize there may be some enemies lurking around. There may be some who have an eye on my possessions. There may be others who for some reason or another do not like me. Perhaps I should leave my door open tonight, in case, by locking it, I aggravate my friends." People do not talk in that way and, as far as I am concerned, when it comes to national defence we have to look at the matter just as realistically as that.

I would suggest that the present government have a little larger picture and conception of things as they exist in the world than we, though we be members of parliament, could ever hope to have. I am not saying that we should not feel perfectly free to express ourselves on any matters relating to defence, but I think we have to recognize that when it comes to matters of defence, obviously everything is not exposed to the whole world. There are things that go on behind the scenes. There are negotiations and exchanges of information between one country and another. No doubt the present government which sits opposite have exchanged views with other countries, and I fancy the reason they are proposing this measure is based largely upon information they have received or conclusions they may have arrived at because of the exchange of views.

The hon. member who preceded me referred to the twenty-year pact between Great Britain and Russia. I think that is a commendable thing. I should hope that we would have no trouble, not only for the next twenty years or fifty years, but perhaps for the next 100 years, or indefinitely. Even though there is a pact between those two great nations, let us remember that the British government have put in a more rigid form of conscription. In so doing, surely they considered whether such a step would render negotiations of the united nations less effective. Yet that government being a government very similar to hon. members to my right in its objectives, saw fit to take rather more adequate measures with respect to their defences. I say this with the utmost care. Surely a government should not be criticized when they show a desire to protect our interests, especially when they are right on the field, perhaps having their hands more upon the pulse of world situation than ours are.

I do not wish to be presumptuous, nor do I wish to sound a note of suspicion; but, as I said at the commencement of my remarks, all is not well. History records that sometimes agreements become scraps of paper. I hope that will not happen, but sometimes it does. In the light of that, it seems to me that the nations of the world should arrive at a particular definition as to what an aggressor nation really is. How are we to describe an aggressor nation? How are we to know when some nation makes a move that can be termed "aggressive"? It seems to me that that is a question which should be settled in some way or another. I should like to put on the record a definition of "aggressor" which was proposed some years ago by Mr. Litvinov, at that time soviet commissar for foreign affairs, and adopted by representatives of the Soviet Union, Roumania, Estonia, Latvia, Poland, Turkey, Iran and Afghanistan, meeting in London at the convention for the definition of "aggression" on July 3, 1933. The definition runs as follows:

> . . . The aggressor in an international conflict shall . . . be considered to be that state which is the first to commit any of the following actions:
>
> 1. Declaration of war upon another state;
>
> 2. Invasion by its armed forces, with or without a declaration of war, of the territory of another state;
>
> 3. Attack by its land, naval or air forces, with or without a declaration of war, on the territory, vessels or aircraft of another state;
>
> 4. Naval blockade of the coasts or ports of another state;
>
> 5. Provision of support to armed bands formed in its territory which have invaded the territory of another state or refusal, notwithstanding the request of the invaded states, to take in its own territory all the measures in its power to deprive those bands of all assistance or protection.

No political, military, economic or other consideration may serve as an excuse or justification for the aggression referred to . . .

Mr. DEPUTY SPEAKER: I would remind the hon. member that the bill before the house is to make provision with respect to the forces of the United States of America when visiting Canada. I realize that a wide latitude has been allowed hon. members during the debate, but I would ask the hon. member to limit his remarks more directly to the bill under consideration.

Mr. HANSELL: Thank you, Mr. Speaker, I shall not digress; as a matter of fact, I am through with my speech anyway. I would suggest that something along the line of what I have read be redefined in order that we may know definitely what constitutes aggression. I am not opposed to the bill and I shall not be opposed to it going to committee. I do not think we can expect the government to reveal its hand in this case when the bill is in committee. I must say that, because I recognize that, no matter which party forms the government of the day and has the responsibility for the defence of the country, it cannot always reveal its hand.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, I rise after listening to this debate to express my support of the motion to refer the bill to a committee. I shall make a few comments and express a few ideas in connection with this bill which has provoked a most fortunate and interesting discussion. I say most fortunate because, while the bill at first sight appears somewhat unimportant and technical, its implications are very wide under world conditions today.

I listened with a great deal of interest to the excellent opening speech by the hon. member for Regina City (Mr. Probe) and to the factual presentation of his argument by the hon. member for Vancouver South (Mr. Green), and I appreciated very much the, shall I say, moderate and wise remarks of the hon. member for Muskoka-Ontario (Mr. Macdonnell) as well as a great deal of what the hon. member for Vancouver-Burrard (Mr. Merritt) had to say. So far as this debate is concerned, there can be no question that this side of the house has made the most constructive contribution to the discussion.

The Minister of National Defence (Mr. Claxton), in replying last night, said that when the Prime Minister (Mr. Mackenzie King) gave his statement to the house no opposition was expressed in the house and none in the country. I think that is quite correct, but when the Prime Minister reads a statement to the house we have no opportunity to reply and express our opinions. So far as the country is concerned, the minister's statement is quite correct. But I think the minister will realize that the great majority of the members of this house, on reading the Prime Minister's statement, were under the impression that only a few technical personnel were being considered. Yet in this discussion the hon. member for Vancouver South has suggested that possibly a division of United States troops might be brought into this country, and we heard no denial or protest from the Minister of National Defence or from the Secretary of State for External Affairs (Mr. St. Laurent).

Since the Prime Minister made his statement, there has been a change of foreign policy in the United States. The Truman foreign policy is now in effect. That is why I maintain that, while the mechanical features of this bill may seem unimportant and routine, the attitude of many people to the Prime Minister's statement regarding collaboration with the United States in defence has changed to some extent.

I wish to support strongly the arguments put forward by the hon. member for Winnipeg North Centre (Mr. Knowles). I shall not repeat them, but I think he presented a logical and valid argument in connection with this bill and for its reference to the committee. I want to support whole-heartedly his urging upon the government to do everything possible at this time to show our strong support for collective security and the principles of the united nations.

Personally I deplore the tendency on the part of some hon. members who have spoken in this debate of two great power groups in the world, the U.S.S.R. and the United States, to underestimate as it were the strength of the British commonwealth of nations. In the first place, I urge upon this government to do everything possible to avoid any public appearance of departure from support of the united nations. In addition, because of our membership in the British commonwealth of nations and because of our geographical position, I urge that we stand shoulder to shoulder in these matters with the other members of the commonwealth, because while Great Britain is in financial difficulties at the present time and the influence of the British commonwealth of nations may appear to be somewhat lessened, I have so much confidence in the balance and stability and traditions and in the future of the British commonwealth of nations that if peace is to be maintained in this world in the future I believe that it will be done as a result of the balanced stability, influence and moral character of the people of the British commonwealth of nations. I urge,

Mr. Speaker, that Canada take a strong hand in that connection and not allow herself, even by implication, to be included in one power bloc or the other. In these difficult times there are so many people who see everything in black or in white, who are prejudiced, whose opinions are fixed. May I say that it is not a question of peace or victory; it is a question of peace or disaster. The last war has shown that there can be no victor, except in a military sense, in modern war in this modern world. It is not peace or victory; it is peace or disaster. I urge that we do everything possible to back the united nations as a great balancing and useful force at this critical time.

I consider that the government has not been quite frank with the house. The replies of the minister to date have given us information that we did not have before. For instance, while many of us thought, and reasonably so, that the visiting United States forces would comprise a small number of technical men, we are now told that it is possible, without any consultation of parliament, for the commander in chief of the Canadian army to invite any number of troops into this country. I am sure that all hon. members are keen on the proper defence of this country. But we have to look at this question from every aspect, and because I believe that the members of this house and the people of this country should have an opportunity to obtain full information on the implications of this bill and its relationship to the international situation today I intend to support the motion to refer the bill to a committee.

Mr. GEORGE BLACK (Yukon): Mr. Speaker, as I read this bill I do not consider it one on which this house should divide on party lines. First, who sponsors the bill? The Secretary of State for External Affairs (Mr. St. Laurent). In that he doubtless cooperates and collaborates with the Minister of National Defence (Mr. Claxton); and, knowing both of these men, is there anyone in this house who for a moment would say that they would support legislation in this House of Commons detracting from the best interests of the Dominion of Canada or do anything that would lessen our pride in Canada of which we are all so proud? I, for one, cannot bring myself to think that of them.

During this debate I have heard so many straw men built up and then knocked down by brave volleys of words, straw men with nothing of reality to them but wonderful to talk about and wonderful to attack gravely.

We have to face the fact that this Dominion of Canada is greater in area than the United States of America, and also that we have a population of probably less than 12,000,000 people, whereas the United States has a population of some 130,000,000, and in our population of 12,000,000 there is a majority of women and children. So who are we to defend such a vast area successfully under modern methods of warfare? In our time the method of warfare has completely changed. As I grew up from childhood to young manhood, to manhood, I, like everyone else in this house, complacently felt that we were defended by the British navy and the British army; that we Canadians did not need to raise a hand to defend ourselves. It is true that that we sent a contingent to the South African war, but what did that mean in the long run in that war? The Canadians deported themselves well. They have done it in two great world wars, but alone we could not have had very much effect on the result of either of those wars. I think we are fortunate to be on the friendly terms that we are with the powerfully great nation bordering on our southern border. It is reasonable, it is sensible that Canada and the United States should cooperate in matters of defence and, if necessary, in matters of offence. We should exchange ideas as to defence, ideas as to attack and ideas as to armament.

What happened in the last war? Two big nations, dictator nations, Germany and Italy, undertook to conquer the democratic world. The British empire and commonwealth of nations took on the defence of the small nations that had been attacked by the dictatorship of Germany. The British commonwealth of nations consisting of Great Britain, the dominions of Canada, Australia, New Zealand, South Africa, India and Newfoundland, with France and the great United States of America saved democracy from dictatorship. But during that war the attacking dictators attacked another dictatorship, Russia. Who saved that dictatorship? The same democratic nations. If they had not stepped in and gone to Russia's defence Germany would have defeated Russia just as surely as we are here tonight. And the democracies of the world got little credit for it. It is no surprise that the democratic nations sitting at the peace table with a nation of dictators are having trouble arriving at a just peace. But I hope that they will overcome these difficulties successfully as they have in the past.

When that dictator nation was attacked by the attacking dictator nations that were fighting against us as democracies, what happened here in Canada? An element that up to that time was doing all it could to impede and injure Canada in the war, sud-

deeply, overnight, became ultra loyal and wanted to see the democracies win. Why? Not because of their admiration or love or loyalty to Canada, but because of their comrades over in Russia. The communists, the so-called Labour Progressive party, were more concerned about the fate of Russia than of Canada.

I am particularly impressed and pleased with the provisions of section 4 of the bill. Although we are not in committee of the whole considering the bill section by section, we are considering the principle, and in my opinion this is one of the chief principles in it.

Nothing in section 3 of this act shall affect the jurisdiction of any civil court in Canada to try a member of a United States force for any act or omission constituting an offence against any law in force in Canada whether or not proceedings with respect to such act or omission have been instituted by a United States service authority or before a United States service court.

That is as it should be. In the war that so recently came to an end, we had a large force of the United States army come into Canada to carry out war measures, to build the Alaska highway, to tap our oil wells on the Mackenzie river and pipe them across to a refinery which they built in Yukon territory. The government of Canada, by an agreement with the government of the United States, sold the rights of Canadian civilians down the river. Canadian civilians injured, damaged or attacked by United States soldiers could not take them to a Canadian court. If they suffered an injury they had to take the award of a workmen's compensation board sitting where—in Canada? No, down in the state of New Jersey. They had to take it and like it. And if a United States soldier by his carelessness—and there were many instances of it—severely injured a Canadian civilian, committed property damage or personal damage, the Canadian citizen could not take it to court. He had to put up with what the United States army chose to give him. In one case a Canadian civilian driving his own truck lawfully, conforming with the rules of the road, was crashed into by a United States truck driven by a United States soldier. The Canadian truck was damaged so that it became utterly useless. The Canadian driver was injured. Both of his feet were driven down through the floor of his truck; his leg was broken in two places above the knee; his pelvis was broken; his spine was injured and he will be a cripple for life. They had to cut the steering wheel with a hacksaw to get him out of the truck. The United States army offered to pay for the truck, the hospital and doctor bills. They have now consented to give him perhaps the munificent sum of $8,000. They will give it if the United States congress is good enough to vote the money, and not otherwise. If these conditions are prevented by this section of the bill I would support it, if for no other reason.

I could go on and tell of other instances that happened during, as they called it, the American occupation. When called upon the telephone, they would say "The American army of occupation speaking." That happened here in Canada. For my part, I say that this is a proper, useful and necessary legislation for this Canadian parliament to pass and I propose to support it.

Mr. ANTHONY HLYNKA (Vegreville): Personally I have no great objection to sending Bill No. 253 to the external affairs committee, but I think a good purpose has been served by allowing a number of hon. members to speak on this measure. I believe that the speeches which have been delivered so far are a fair indication of the views of hon. members on this important subject.

Many critics of the bill seem to be possessed with the idea that Canada is going to declare war on some nation in the near future, when in reality such is not the fact. Some hon. members criticized the bill, and they have said repeatedly that they did so because they want peace in this world. Well, who does not? By passing this bill, would we run the risk of getting into a war sooner than we would if the bill did not pass this house? I am not at all surprised that some hon. members should hold definite views in opposition to this bill, but I must admit that I was surprised to hear strange ideas expressed by several hon. members who are usually reliable in their thinking. One hon. gentleman stated that we should refuse to tolerate the idea that war is coming. I am sure all hon. members agree that no one in Canada wants war, and that perhaps no one in any other nation wants war. But surely that hon. gentleman must agree that, even if there is no likelihood of war, it is better for our people to be on guard than to tell them there will be no war and have them unprepared, as they were in 1939. Really I cannot understand how a responsible individual could believe that it is in Canada's interests to tell our people there will be no war—even though he does not know any more about it than I do—rather than to warn them of the possibility. I subscribe to the view that we should be on guard at all times; I think that is a good policy.

While I am on this point, I should like to mention one other matter. During the Easter recess, while I was on my way out west, I

was a guest of a friend of mine who also invited a number of Canadians holding prominent positions. These men of learning began to discuss the question of defence, and one expressed the fear that Canada might provoke war. So he appealed to me and others to do everything within our power to see that the secrets of atomic energy were handed over to our "friends". He stated that he had formed his opinion on that subject following a certain lecture by a prominent physicist at one of our universities, who told him that now this question was so serious that the Canadian people must do something about it. I say to you, Mr. Speaker, that hon. members should take advice in military matters from military men. It is not enough for one to rise in his place and pretend to know everything about everything. This is not a small political issue. This is not a by-election. This is a serious matter, concerning the future of this nation. Surely we should have enough faith in our military men to take their advice in matters of this kind and not assume that we have a knowledge and depth of understanding concerning these problems greater than anyone else.

Would anyone suggest that in the event of a war it would not be in Canada's interests to stand together with our neighbour? Would anyone suggest that it would be a good policy for Canada to stand idly by and await developments? I should like to ask hon. gentlemen who have been criticizing this measure and have expressed opposition to it to telll this house and the country whether they feel that Canada would be justified in taking the course they are advocating, if we were attacked in a surprise-war, and had not made preparations together with the United States in regard to defence. Surely they could not say that. Yet now they are trying to convince this house that it is not in Canada's interest to cooperate with the United States.

I am not of Anglo-Saxon origin, but I do not believe any hon. member in this house is more pro-British than I am. In diplomatic affairs I believe the United Kingdom still leads the world; I am frank in making that statement. In economic and monetary matters it is true the United States has taken over the lead; but the United States has still a great deal to learn when it comes to matters having to do with various European countries, and world diplomacy. The British have had a great deal of experience in these matters, and of course experience counts. At the same time I maintain that it is in our interests to cooperate with the United States in order that we may arrange our hemispheric defence programmes. We did that during the war, and why should we not have this understanding with our good neighbour to the south during peace time?

Some may say this is peace time, and as a matter of fact some hon. members have stated that they would not object to our entering into this understanding with the United States if this were a time of war, but they are opposed to it now because this is peace time. What a shallow argument! I maintain that the war which began in 1914 was not concluded, and that it continued. We say a war breaks out, but that is not so; it is peace that breaks out now and then. From 1914 to 1918 we had a period of military warfare. Then there was a breathing spell. The struggle continued again from 1939 to 1945, and today it is still continuing short of military warfare. The fight is going on every day in the councils of the united nations, in the press, over the radio, and so on. Let me just quote from a press dispatch which appeared in the Ottawa *Citizen* of this morning, June 5, 1947:

> Budapest, June 4—(AP)—Soviet Lt.-Gen. V. P. Sviridov has refused permission for an American officer to inspect military installations of Hungary, a former enemy country, American spokesmen disclosed today. The soviet action raised speculation that the Russians may already be taking a hand in training the Hungarian army.

Then farther down in the article:

> American spokesmen said Colonel John H. Stokes, Jr., of San Francisco, executive officer of the United States military mission asked War Minister Lajos Dinnyes, now the new pro-communist premier, for permission to inspect a Hungarian division. Ordinarily such a request would be a mere formality in view of relations between a victor power and a defeated former enemy.
>
> To Stokes' surprise, however, Dinnyes replied that such a visit would have to be approved by the allied control commission.
>
> Sviridov, acting chairman of the allied control commission, without consulting the American member of the commission, replied that the proposed inspection would be impossible.

Does that not mean war, Mr. Speaker? It is war in fact, but just short of actual military operations. There is this fighting going on, on all fronts. Let us not delude ourselves that this is peace time. Until such time as the principles of freedom and Christianity are supreme in this world, there can be no peace. When we have one set of rules applying to the so-called big nations and another set of rules applying to the so-called little nations, what sort of peace have you? Talk of peace! In reality there is no such thing now. What about the small nations of the world?

Recently in the mailbox I received several maps. Other hon. members must have received them also. May I read from the map? I am sorry that the shorthand reporter will not be able to take it down because this is in Russian (a map of Finland). I could review the whole map for you. I understand that it is our own Department of External Affairs which is distributing these maps in Russian to members of parliament. What is wrong with the English language? I am going to ask the Secretary of State for External Affairs (Mr. St. Laurent) to tell me whether he has as yet received a future map of Canada in the Russian language. Here is another one, and this one is (*in Russian,* "a map of Roumania").

Mr. FULTON: What does that mean?

Mr. HLYNKA: Map of Roumania. That is another one.

Mr. GAUTHIER (Portneuf): In Russian, too?

Mr. HLYNKA: It is in Russian, too. I understand that these are also distributed by our own Department of External Affairs. What is wrong with us? This thing has gone too far. Our own members of parliament spent two days in pleading the cause of a nation about which they know absolutely nothing, including my good friend, the hon. member for Winnipeg North Centre (Mr. Knowles).

An hon. MEMBER: He was there.

Mr. HANSELL: He was there for eight days.

Mr. HLYNKA: He speaks in this house with such great authority about Russia that he asks that we should take his word for it and not prepare for defence.

Mr. KNOWLES: I rise to a question of privilege. I was not pleading the cause of Russia. I was pleading the cause of world peace.

Mr. HLYNKA: Well, Mr. Speaker, I do not want to get at odds with my hon. friend because, once they start me going, there will again be a row. I do not want to lose every one of them as my friends, because some of them are my good friends. I like them.

Mr. KNOWLES: Da da.

Mr. HLYNKA: There you are, Mr. Speaker. He speaks Russian to me now. You may not have understood it, Mr. Speaker, but he just approved what I said.

Mr. KNOWLES: It was, oui, oui.

Mr. HLYNKA: I should now like to proceed from there. As I said, I do not want to get into a fight, because then we would spend too much time. Hon. members who criticize the bill maintain that the bill violates the spirit of the united nations, and helps to divide the world into two antagonistic blocs. They also state than any arrangement into which we may enter with the United States carries with it serious implications. What sort of nonsense is that? Why should any arrangement with the United States carry any serious implications as far as we are concerned? We are living in this hemisphere; we speak the same language, and our interests are similar. The United States has always shown a friendly attitude toward this nation. Surely if they wanted to, all they have to do is to come across and take this country, but they do not do it; they are not doing it. If anyone attacks this country, my hon. friends who protest so strongly against this bill would certainly get on the telephone as quickly as they could and ask President Truman and General Marshall to come right over. They certainly would do that, and they would be the first ones to do it. Yet what reason is there for this argumentation for two days, advising the government and pleading with ministers not to protect the borders of Canada? That sort of reasoning does not appeal to me.

I should like to say just a word about the principle of sovereignty. My hon. friends immediately to the right of me have for years been advocating the giving up of Canada's sovereignty. They have been the strongest advocates of surrendering Canada's sovereignty to some super power that they do not know and we do not know, a power that, to my knowledge has not done anything for Canada and has not shown any good result so far. Yet they keep on pleading with the people, and delivering speeches all across this country, telling the Canadian people that we must give up a part of our sovereignty. Now, when we are on this issue, they switch right around and are the great champions of retaining Canada's sovereignty. Mr. Speaker, our friends should be more consistent. There must be some balance to their thinking, or to their switching. They just cannot go on in that way.

I should like to refer to the various international organizations. I say to you, Mr. Speaker, that the various international organizations which have been organized thus far have been, and are today, the instrument of internationalism and the vehicles of communism, however disguised. I have seen the workings of some of our international organizations; I have followed the workings of some of our international organizations before. And it is my sincere view that a nation as powerful as the United Kingdom, as experienced as

it is in statecraft, and the United States also are being pushed around in the united nations organization.

I have no objections to an international organization that would work in the interests of liberty and freedom, principles that are fair to all nations, big and small; but not when you have a few large nations running the entire world and forming their blocs. And they do it right along. Then, as my hon. friend the member for Temiscouata (Mr. Pouliot) said, they waste time in pretending that we are getting somewhere. We are not. We must rely on our own strength; we must rely on the strength of those who have proven in the past to be our friends. That is the only safe thing for us to do.

During the past few years too many of our leading men became obsessed with the so-called global philosophy. We have been hearing public men speaking about things on a global scale. One country seems to be too small for these gentlemen. This talk is something like certain types of medicine. It might be good for one, if it is administered in certain amounts. But if one takes an overdose of it, the result is suicide. The same is true of this global philosophy—and I was going to use the word "globaloney," including global loyalty, world-wide this and world-wide that. In my opinion this prescription has been administered to excess.

Let me explain in a word what I mean. In recent years many public men have been advancing and emphasizing unduly the theory of the global approach to political, economic and social problems as the only solution for them.

Now, words fail me: it is pure—well, nonsense! Surely not a single member in the house can point to very many results of which we can be proud, in the past, which have been achieved by some international organization. But we can point to results which the United States achieved in guarding freedom of its citizens, and which we have in Canada in being able to voice our opinion as freely as a lark. The British commonwealth has a tradition and a reservoir of experience incomparably beyond that of any other nation in the world. There is the example; let us follow it.

Mr. E. D. FULTON (Kamloops): Mr. Speaker, I have not spoken in the house before on any subject related to international affairs and, normally, I should prefer not to speak on that subject, but rather to leave it to those who have had some experience in it, and whose experience would therefore lend their words added weight. But some of the implications behind this bill, together with some of the things said in discussion, have made me think there is a certain point of view which at least should be expressed, certain questions which at least should be asked and to which I should hope answers might be given before, speaking personally, I would be in a position to vote intelligently on this bill.

At the outset I would say I am in entire agreement with those who speak in support of the necessity for cooperation in the defence of this country with those countries which are friendly and willing to help us. But I also associate myself with what was said by the hon. member for Vancouver South (Mr. Green), namely that we should know the policy behind the bill before we rush into the acceptance of this legislation which, it seems me, indicates that a new policy is now in force in Canada; because it is surely obvious that this bill can have no meaning; and can have no application, unless United States troops are to be allowed into Canada. And the bill applies exclusively to United States troops. So I refer to them, not with any suggestion that it is undesirable that United States troops be admitted, but merely because they are the only ones affected by the bill.

It is a new policy, in that Canada is now inviting United States troops into this country on a basis and under conditions which Canada has never extended to any other troops before in peace time. We should ask at the outset how many troops are here and how they came here. We should ask what exactly were the terms upon which they were admitted, for how long we expect them to stay, and if we expect any large increase in their number.

In the course of my remarks, which I intend shall be brief, I shall state why I think it is important that these questions be answered. But before going farther, may I say that the fact we are left without an answer to these questions at the present time, and indeed much of the discussion which has taken place in connection with the bill—discussion which, to some extent, is being carried on in the dark so far as members of the opposition are concerned—illustrates again the desirability of setting up a defence committee such as has been suggested in the house in the past. If we had such a committee we would have full information and would know the reasons behind such legislation before being asked to discuss it.

One of the most significant statements made thus far in the discussion of the bill was that made yesterday by the Secretary of State for External Affairs (Mr. St. Laurent)

in answer to a question asked by the hon. member for Eglinton (Mr. Fleming). This was the statement of the minister, as reported at page 3792 of *Hansard* for June 4, 1947:

I think His Excellency—

He was referring to the governor general.

—as commander in chief of the Canadian forces, can do such things as are not contrary to Canadian law and which he thinks are advisable for the preparation of the defences of the country.

Later he said, as reported on the same page:

I think the commander in chief of the Canadian forces can take such measures as his ministers are prepared to assume responsibility for to the parliament, and to the country, so long as they do not infringe any enactment made by parliament.

Mr. ST. LAURENT: Would the hon. member permit me to interrupt? I do not think it is fair, or really that it is proper, that in this house there should be drawn from an answer to a theoretical legal question the inference that that implies any intention whatsoever to depart from a policy which, in fact, was stated by the Prime Minister (Mr. Mackenzie King) on February 12. I am sure the hon. member would not want to create the impression that there was anything being kept in the dark. I was asked a theoretical legal question and I endeavoured to answer it as such. I assure the hon. member that it contained no implication of any intention or thought of there being anything more contemplated now than was expressed in the Prime Minister's declaration on February 12.

Mr. FULTON: I am sorry the minister did not allow me to proceed with my next two sentences, because then I think he would have understood that what I had in mind was not to suggest that his statement, which as he said was made in answer to a legal question, suggested going beyond the policy already announced. But, in the light of the previously announced policy as to the basis upon which other troops would be invited to the country, the statement suggests, to me at any rate, the possibility that troops in larger numbers and for purposes somewhat different from what parliament itself understands might be invited into the country without the knowledge of the House of Commons. That is the danger which I see in the principle stated by the minister. I see that apparently he still does not think what I am saying is fair, although I want to be fair.

Mr. ST. LAURENT: I am not suggesting that the hon. member should not say anything he likes, provided that the danger he conjures up is one of his own making and is not derived from a statement attributed to me.

Mr. FULTON: The minister made the statement, I did not. However, that is only the first point. The statement is there and the practice of inviting troops in is being followed. It is obvious that hon. members do not know at the present time in what numbers United States troops are in the country or in what numbers they may be invited here in the future. That fact becomes more serious when it is realized that the present practice is a considerable departure from the policy announced previously in the house by the Prime Minister (Mr. Mackenzie King). I am going to refer to the statement he made in 1938, not merely for political purposes, but because I think his statement laid down very clearly the policy which the Prime Minister felt should govern as far as Canada's relations with the troops of other countries were concerned. I read this for the purpose of showing that what is happening now is a departure from that policy. The words of the Prime Minister may be found on page 4527 of *Hansard* of July 1, 1938, and they are:

Such domestic ownership, maintenance and control of all military stations and personnel—

"Personnel" is the important word here.

—is one of the really indispensable hallmarks of national sovereign self-government.

He then went on to say:

Outside its homeland a state may have military stations and quarter military personnel in countries which it "owns"—

Canada is not owned by the United States.

—in its colonies—

Canada is not a colony of the United States.

—or "possessions," or in its mandated territories according to the trust deed, or in countries over which it has assumed or been yielded, by some arrangement, what amounts to a protectorate.

Canada does not fall into any one of those classifications in so far as the United States is concerned. I want here to refer to what was said last night by the Minister of National Defence (Mr. Claxton) when the matter was being discussed. The hon. member for Vancouver-Burrard (Mr. Merritt), in referring to the new practice, said that we could not see this new practice being introduced without some misgivings and without a desire that the House of Commons should be fully informed. The Minister of National Defence said, as reported on page 3812 of *Hansard*:

There is nothing new about it whatever.

I have read the words of the Prime Minister to show that there is something new about it. There do not exist, so far as Canada is concerned, any of those relationships which he said must exist before a country could quarter

its military personnel upon another country's soil. It is important that we should realize fully the implications of the policy behind this bill. It is a new departure, something which Canada has never done before, and I think it justifies fully the extent of the discussion which has taken place in connection with the measure. That is why I say it is important that we should have answers to the questions which I have suggested before we are called upon to make our final decision on this particular bill.

There is one other suggestion I want to put forward, and in putting it forward I preface my remarks again by saying that I would rather leave authoritative announcements on international affairs to those with more experience. But I think this is a point of view which should be expressed in the hope that perhaps it will be discussed by someone with that experience. I wonder if the background of this bill does not indicate that there is some danger that Canada is entering into too close a tie-up with the United States. I am not suggesting in any way that we should not cooperate with them in defence, but I am suggesting that we should be careful not to rush into their arms and to throw in our lot with them to the exclusion of all our other interests and disregarding those quarters where our ties have previously lain.

I should like to read some quotations with regard to the recent announcement by the President of the United States in connection with hemispheric defence policies. First, I should like to read a report in the Chicago *Daily News* of Monday, May 26, as follows:

> President Truman today asked congress for authority to arm, equip and train the armed forces of western hemisphere nations, including Canada.

And again:

> The legislation asked would authorize the President to make agreements with other western hemisphere nations to train and instruct their military and naval personnel.

Mr. ST. LAURENT: I think it was stated here in the house that that report is entirely erroneous. There is nothing in that act which concerns Canada. The only statement made was that it was in a form which could be extended to Canada.

Mr. FULTON: Canada is one of the countries in the western hemisphere, and, as the minister suggests, that is the only way in which Canada entered into the sphere of that act. The act was not aimed directly at or passed with the immediate intention of bringing armed forces into Canada. I read the report merely as illustrative of the present United States policy. The report continues: that the President may make arrangements with other countries to:

> . . . maintain, repair and rehabilitate their naval and military equipment. Transfer to them arms, ammunition and implements of war.

The third is a dispatch from Washington dated March 6, which appeared in the Ottawa *Journal* of March 7, 1947, and which reads:

> The United States is considering a proposal to increase the number of American troops working with the Canadian forces in military studies at Churchill, Manitoba.
>
> Such action would be a further step to implement the Canada-United States agreement for collaboration in common defence.

I am not suggesting that there is anything improper in what is revealed in those announcements. I am not suggesting that it is improper or undesirable for Canada and the United States to cooperate, but I do suggest that we should consider carefully the implications of the steps which apparently we are being asked to take. We should have definite information how far along the road and in what direction these steps will lead us.

I wish to refer to something the hon. member for Vancouver South said last night. Everybody in the house is agreed that it is essential that we should adopt any and every method which may lessen the possibility of another war. It seems to me that one of the factors making most directly for another war would be to have the world divided into two power blocs, because they cannot avoid coming into direct conflict at almost every stage. But if there were three or more groups of powers the danger of direct conflict would be that much further removed, because there would be three or more different pulls of interest. It is with that thought in the back of my mind that I say we should be careful to understand what we are doing, and we should be careful not to transfer entirely to the United States all the community of interest and collaboration which, under the traditional background of our policy and interests, have lain elsewhere.

There is one concrete suggestion I should like to put forward, and that is that it would be preferable if, instead of having a separate bill dealing with the United States, we passed an act in the form of their own Friendly Foreign Forces Act to which the Minister of National Defence (Mr. Claxton) referred last night, a general bill capable of extension to the troops of any country which Canada sees fit to admit to our own soil. I think that would be a more appropriate way of dealing with this matter. The other way would be to conclude a treaty with the United States, so

that we would not have on our statute books a permanent policy which could be changed only with great difficulty and with the possibility of creating further international friction.

I think that is all I have to say at the moment. In conclusion, I want to repeat that the views I have put forward are not intended in any way to be dogmatic, although I do feel keenly about them myself. They are put forward because I think they should be considered before we are asked to pass this bill. I, at any rate, request an answer to the questions asked before we are required to vote.

Mr. GEORGES H. HEON (Argenteuil): Mr. Speaker, as I studied the bill before the house I was reminded of an article written in the January, 1946, issue of *Foreign Affairs*, under the signature of Lionel Gelber, entitled "Canada's New Stature". Mr. Gelber states:

> In that momentous redistribution of world power now taking place, Canada must be classed with those nations which have gained rather than lost in stature. Her increased importance exemplifies the shift toward a system of international affairs founded on centres of authority removed from western and central Europe. For Canada has undergone a far-reaching diplomatic revolution. In some respects this is admitted and proclaimed by her leaders; in other respects it is concealed. Canada is one of the few countries among the united nations in which the prewar helmsmen of the ship of state are still at their posts. They are in fact steering a new course, but since they are loath to confess that their seamanship ever was at fault, they prefer to describe it merely as accelerated progress along the old one. They can put it in such terms because external affairs are seldom major issues in Canadian politics and neither politicians nor officials have been judged in Canada, as elsewhere among the democracies, on their pre-war records.
>
> But the evidence of Canada's new position in the world is unmistakable.

The bill before this house establishes a momentous precedent, the consequences of which no one at this moment can fully visualize. Bluntly, the bill means that there will be United States armed forces in undefined numbers on Canadian territory in peace time and that they will have their own military laws and courts. In theory this move is repugnant to our much vaunted sovereignty, and in this hour of internationalism I am very much afraid that further offences against sovereignty will be committed, as they have been openly and sometimes cruelly committed in the last few years. However, Canada must act according to her own situation in a changing world which has put her at the cross-roads of the Big Five. No longer is Canada, as was stated at the Versailles treaty making, a fireproof house far away from incendiary materials.

The hon. member for Wetaskiwin (Mr. Jaques) stated, to my mind, quite correctly, our position when he said that we may be the nut in the Russian-American nutcracker. But we cannot change this position, hard as we may try, although the position itself may be unenviable and is not of our own choosing. I believe that we must face the facts cooly, because we are pledging our own interests to hemispheric defence, and we cannot antagonize our powerful neighbour to the south. Rather should we accommodate him as much as we can. If the joint defence plan calls for United States troops to be on Canadian soil in peace time we cannot logically or intelligently oppose a measure which provides for military laws and courts for these troops.

The amendment suggests that the bill be referred to the committee on external affairs. It is quite possible that the committee might obtain explanations which have not been given to the house and which I think should have been given, but I am satisfied, personally, that the committee would report favourably on the bill. Therefore I wish to state, Mr. Speaker, that I shall vote for the bill as it stands. As I see it—and this may appear crude to some hon. members—it is better for Canada to have on Canadian territory, at this time, United States troops, than Russian troops later.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, in this House of Commons we have sometimes been accused of speaking to the people back home. On this occasion I intend to speak to the House of Commons and to speak plainly to the people back home. I do not want the house to be in any doubt as to where I stand on this particular legislation. Before I touch upon that, I wish to make two observations about the world as it stands. As the hon. member for Muskoka-Ontario (Mr. Macdonnell) said, in the last eighteen months or two years international relations have considerably worsened; in other words, since the San Francisco conference. To me it is rather a harsh criticism of our civilization to think that today easily ninety-nine per cent of the people of the world are seeking nothing but peace; yet in the meantime we seem to be heading toward something quite different from it.

A friend of mine once remarked—I am sure what he said is quite true—that if we could have some law enforceable, which of course we can not, that all future wars should

be fought by men over fifty years of age, we would have no more wars. That is a true statement of fact. But it lies with us older people to try to find a solution which will mean that our youngsters will not once more be subjected to what they have been in the last two wars. In these times of modern weapons, we fellows over fifty years of age will be in the picture, but only on the receiving end.

I wish to say a word about this bill. What I intend to say I shall put in a sentence or two. I am 100 per cent opposed to the amendment; I am 100 per cent in favour of the bill, and I shall so vote. There is no equivocation or anything of that sort in what I have said. Realistically our position is this. If we believe anything we read in the newspapers; if we discuss with persons who have gone from here to international organizations, then we can see that they are all worried. There is not any doubt about that.

We can talk as we like of ideals, and I agree with many of the idealistic things that have been said, but to be practical about the matter our position is this. I regard as highly as anyone the interest we have in our sovereignty; but, on the other hand, we are in this position. If a mouse is attacked by a cat it does not worry much about sovereignty; it hopes that a terrier will come along and kill the cat. That is the position in which we are—let us admit it—with our tremendous boundary line. We are not in a position to defend it. Where are we to get help? In France which was mentioned, in China and in all these other places? I agree with what so many people have said, that it is unthinkable among rational beings that war should come, but today international affairs are being conducted, in the judgment of us who are sitting here and other ordinary people in the country, on a basis which we cannot conceive or believe to be rational. Therefore, stripping the tree of its branches and leaves and getting down to the bare trunk, to the basic position, it is this. If, which God forbid, war comes, where are we to look for help except to our friends in the United States of America? Where are we to look for practical help? It is no use theorizing about these things. That is the only place we can get help. May I say this to the right hon. gentleman who is piloting the bill? I went over and spoke to him a moment ago and asked him about how many of these people were here and he said, about sixty. So far as I am concerned I hope they come in their thousands to help our defences to defend the country if we are attacked. We are not going to attack anybody. It is unthinkable. Nobody dreams that we should; but let us defend ourselves with the weapons we have and with those which we can get from a friendly people. I hope, sir, that I have left no doubt where I stand on this bill.

Mr. RODNEY ADAMSON (York West): This bill is similar to the one which the United States forces had in the United Kingdom during the war and which was passed by the British parliament. Since I had an opportunity to observe the functioning of that bill with regard to the jurisdiction of United States military courts over there personally, I found, and I think the general opinion was, that the bill worked extraordinarily well. It gave the United States courts and the United States courts martial the right to try their own personnel, and a wise right that was because the United States code of laws is considerably different from that in the United Kingdom. It had one thing which I think we have a little overlooked in this bill, namely, the prejudice that a civilian court has when trying a uniformed national of a friendly country. I would think that the civilian courts in Canada, and I am sure the civilian courts in England, welcomed the fact that the delicate business of trying offenders against breaches of the law was taken out of their hands. I can see, and it is obvious that anybody who has had experience will know, the difficulty of a court of law passing sentence against a member of an armed force that is serving as a friendly nation within the borders of his country.

We found that the civilian courts were, in many instances, loath to pass sentence or to try the offenders, in some cases our own, Canadian soldiers because they were friendly people, and there was the difficulty of a court, particularly a jury, wishing to take action against a member of the visiting armed forces, because it might be construed as an unfriendly act. How fortunate it is that the United States has this clause in their general military set-up, that it is their practice that all these delicate situations are handled by themselves. The Canadian bill does not give the United States authorities power over our courts, which still may try United States service personnel for breaches of Canadian civil or criminal law, if the authorities are not satisfied with the United States action.

That brings me to another point, namely, that this bill has nothing to do with sovereignty. How the question of sovereignty came in, I do not know; but it has nothing to do with it. This bill merely gives United States forces the right to try their own personnel.

I want to point out how this contrasts with the action taken by this government in 1938, when, with the whole European situation just dripping war, the United Kingdom said, "Please let us establish air training camps in Canada." They were turned down. The battle of Britain was won by a hair's breadth. Had it been lost, it would have meant the end of civilization on this planet as we know it. Let us never again be in the position of not being prepared even though we were forewarned. This bill is just an example of a little forewarning.

I do not see the hon. gentleman in his seat, but thank heaven for the realism of the hon. member for Vegreville (Mr. Hlynka). He has seen despotism in Europe; he has seen what happened to his own nationals when they came under communist dictatorship.

I now come to the larger question; since much has been said on it, I feel that I must saye something also. I refer to the question of the conflict, real or otherwise, between democracy in North America and communism in Russia. Let us look at the record since the end of the war. Let us go first to San Francisco. What happened there? The one thing that may jeopardize the whole structure of the united nations is the veto power, which was given to any member of the security council. That is the one thing that may emasculate the entire operations of the united nations. Who put it in; who insisted on it?

Mr. KNOWLES: Well, who?

Mr. ADAMSON: Russia.

Mr. KNOWLES: And the United States.

Mr. ADAMSON: Russia insisted on it.

Now let us go to Paris, where they were dealing with the satellite axis nations. What happened? Every day there was procrastination and obstruction; battles over the details, until it looked as though the treaties could not be signed in time for the delegates to get to the meeting of the united nations council at Lake Success. Day after day the Russian delegates would get up and ask that a comma be changed, that a sentence be changed, or some other triviality, just to waste time and obstruct the proceedings.

Then let us go to Moscow, where the main peace treaties were dealt with. What happened at that bootless and fruitless conference? There was obstruction from the very start, and no treaties were signed, so that today we have the major democratic belligerents talking of signing separate treaties with Germany and Austria.

Let us go on to the atomic energy commission; what happened there? The United States, Great Britain and other nations on that commission offered a fair and workable plan. They offered to make their secrets known; they offered mutual inspection of the production of atomic energy all over the world. What happened? The proposal was thrown out of court by the Russian delegate, Gromyko, and an absolutely untenable position taken under which the Rusisans wished the Americans to give up all their science and knowledge in regard to atomic energy and destroy everything they had done, including the possibility that this new force might become one of the greatest benefits mankind has ever known. So we had an untenable position, frustration and obstruction by Russia.

Then let us see what happens every day in the Russian press and over the Russian radio. We get nothing but absolute vilification and abuse of the democracies. Is that the way in which a friendly power is likely to behave? The other day we saw the *coup d'etat* in Hungary. We see what has happened in Greece, in Albania, in Yugoslavia and in Poland. Everywhere we see Russian communist infiltration and hostile actions toward the democracies; the mining of the straits of Corfu; getting the little Soviet satellites to commit overt acts; continuous unrest; subversive activity and hostility toward the major powers. Is that the way in which a peaceful nation is likely to act?

Then let us look at the troubles of the forces of occupation in Germany and Austria. Do we get cooperation between the United States, British and French zones and the Russian zone? We do not. Friends of mine on the control commission have told me that it is as much as their life is worth to go over the border of the Russian controlled zones, particularly in Germany. Do we see any effort on the part of Russia to try to rehabilitate Germany or Austria, without which there can be no economic peace in the world? No; we see them taking every bit of productive machinery out of the country. Is that likely to help the rehabilitation of Europe?

Then let us look at what has happened in our own country. Whether or not we like to admit it, today we are at war politically with Russia. Right in this very House of Commons we have seen that, but we forget these things. We have seen prominent, trusted civil servants subverted by Russian agents, right here in Canada. We have seen an attempt by soviet agents to grab the secrets of atomic energy. Was that a friendly act? Was that a friendly gesture between two nations? Then we see communist - controlled, communist - fostered strikes throughout the length and breadth of

Canada. I had one in my own riding, and I do not mind mentioning it. That was the Anaconda strike, which lasted for five months, during which every member of the union lost $1,000 in pay. Now it has been shown that the man behind that strike was Reeve Robinson, named as a strong communist in *Newsweek*. Then what else do we see? Is any member of this house fool enough to believe that communist activity in Canada is not controlled from Moscow?

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but I believe I have already given him too much latitude. He should confine his remarks to the general principle of the bill before the house, which is an act to make provision with respect to forces of the United States of America when visiting Canada and with respect to the exercise of discipline and to the internal administration of such forces. The hon. gentleman must understand that on second reading he should confine his remarks to the principle of the bill.

Mr. ADAMSON: I am sorry, Mr. Speaker. I admit that I have strayed, but there has been so much straying I felt I could not let the opportunity pass without saying a few words on this important subject. We must face communism in the open and face it now.

However, I come now to the last point and it is this. This is a question of armed forces I have no apology to offer for doing this. Before you have armed conflict, you have political conflict. I have mentioned these things because I would say that political conflict is going on now and that neither we nor the United States are the aggressor, but the aggressor is the Soviet Union. That is why I have mentioned this matter tonight.

Let us see what the C.C.F. amendment would do to this bill. The C.C.F. amendment would kill the bill.

Mr. COLDWELL: Oh, no.

Mr. ADAMSON: Let us make that quite plain; the C.C.F. amendment would kill the bill.

Mr. COLDWELL: No, it would not.

Mr. ADAMSON: Yes, it would, because it refers the subject matter of this bill to a committee; and once the subject matter of this bill is referred to a committee, the bill is dead.

Mr. COLDWELL: Rubbish.

Mr. POULIOT: If it did kill it, it would be for the better.

Mr. COLDWELL: But it does not kill it.

Mr. ADAMSON: Second, appeasement has always caused wars. If the hon. members who have opposed this bill are so blind that they are now prepared to support any appeasement, then I want this house and this country to know it.

The next matter for consideration is this: Has the United States ever attacked anybody? Has Russia? I just leave those questions with the house.

The next matter for consideration is that we are not only geographically in the firing line, but are also the great storehouse and powerhouse of the world. As has been said, we cannot protect ourselves because our population is too small. We must face that fact. We must have help.

Finally, Mr. Speaker, the next war will be a push-button war. We shall not require big battalions. We shall not require divisions and army groups. The next war will be fought with the new weapons. We might just as well admit that now. All this bill seeks to do is to allow our great friend and neighbour, the United States, to help us put our push-buttons in place, so that if we are attacked we can neutralize the attack before the new weapons take effect on our centres of population. I support this bill with all my heart and I am utterly and completely against the amendment.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I did not intend to speak on this bill.

Mr. ROSS (Souris): You do not have to.

Mr. MacINNIS: I do not have to, but I want to say this before the bill is given second reading. I think most of the debate on this bill has been deplorable. This is a very simple bill, whether we agree with the principle or not. It is a bill to allow a foreign country, whose military forces are here by our invitation or consent, to set up their own courts to deal with infractions of the rules or the law. To hear speeches such as that made by the hon. member for York West (Mr. Adamson) just now, one would think this bill was the first step in a declaration of war. To me it is not understandable that reasonable men should say the things that were said by most of the members who have spoken in this debate.

The hon. member for Regina City (Mr. Probe) made what I thought was a reasonable speech. The hon. member for Vancouver South (Mr. Green), in my opinion, made an excellent speech in regard to this bill. I did not hear the hon. member for Muskoka-Ontario (Mr. Macdonnell), but I am told that he also made a very good speech, as did the hon. member for Vancouver-Burrard (Mr.

Merritt), and some of the other members. But for most of the debate today one would think this bill the first step in a war. The hon. member for York West did not leave any doubt about it. All of his speech was taken up with the danger of Russia, and he was in favour of this bill because it was the first step in stopping Russia, Surely that is not the way to build peace. Have my hon. friends to my right discarded the idea of the united nations? Are they going to throw away everything we have tried, with so much labour, to build since April, 1945? If they want to do that they had better say so and tell this country to go on an armed footing at once.

It has been said that to refer this bill to the external affairs committee would kill it.

Mr. POULIOT: The Aluminum Company made lots of money in Norway during the war.

Mr. SPEAKER: Order.

Mr. MacINNIS: The bill, of course, would not be read the second time, but it could be referred to the committee; the committee could report back, and the bill could be reintroduced.

Mr. MACKENZIE: No. If I may answer that, the bill as such, as introduced by the minister, would be killed.

Mr. MacINNIS: All right. Suppose, for the sake of argument, I take my hon. friend's word for that. If that is the case, then the government put over a pretty slick one on the house the other evening when Bill No. 24 was up for second reading. A minister moved that the subject matter of the bill be referred to the committee on industrial relations. All members, except the Minister of Labour (Mr. Mitchell) spoke in favour of it. I asked them if they did that in order to kill the bill. They should have had the courage to say that the purpose of referring it to the committee was to kill the bill and not do it in the underhanded way in which it was done. It is time that we discussed these questions honestly and not in the manner in which we have debated this bill. I say again that I deplore the debate, or most of the debate that has taken place on this bill, because I am satisfied that it is not the kind of debate which will help to bring peace to the world.

Some hon. MEMBERS: Question.

Mr. SPEAKER: Is the house ready for the question.

Mr. ST. LAURENT: No, Mr. Speaker. I move that the debate be now adjourned. I do not think it would be proper to allow the vote to be taken without making some observations on the wide range the debate has taken.

On motion of Mr. St. Laurent the debate was adjourned.

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

Friday, June 6, 1947

The house met at three o'clock.

PRIVILEGE

MR. MACKENZIE, MR. KNOWLES—OTTAWA "CITIZEN" REPORTS OF PROCEEDINGS OF JUNE 5

Right Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): Mr. Speaker, I wish to rise to a question of privilege. Yesterday there was an exchange in the house between my good friend, the hon. member for Winnipeg North Centre (Mr. Knowles), and myself which will be found reported on page 3834 of *Hansard* as follows:

Mr. Knowles: We always do that even in arguments which take place in the house; as for example, the exchanges between the Minister of Veterans Affairs and me. We have them often. I always think he is wrong; he always thinks I am wrong.

Mr. Mackenzie: But I am right.

That is exactly what happened, but the Ottawa *Citizen* of this morning contains an article which offends my dignity. It is entitled:

"You're darned right" is Mackenzie's reply.

I have never used the word "darned" in my life. I think it is an objectionable and obnoxious word except when applied to the mending of socks. I wish the paper would make the proper retraction.

Mr. STANLEY KNOWLES (Winnipeg North Centre): I rise also to a question of privilege. I regret having to correct our friends in the press gallery because I realize they are working under difficulties, but there is a sentence in a report in this morning's Ottawa *Citizen* which really ought to be corrected. It reads:

Stanley Knowles (CCF-Winnipeg North Centre) said that if Canada refused to have United States troops within her borders in peace time she would be in the enviable position of being able to say she had taken the first step against the "Truman policy" for the "Stalin policy."

Obviously if anyone had made such a statement as that in this house he would have

been howled down. The word "for" should be "or". What I did say is reported on page 3836 of *Hansard* as follows:

That would be the first move by any small country against the Truman policy or the Stalin policy, and it would put us in the position of being able properly to criticize the Soviet Union for what they are doing as well as the United States. It would also strengthen our position in the councils of the united nations.

REPORTS AND PAPERS

Right Hon. W. L. MACKENZIE KING (Prime Minister): I wish to table copies in English and French of orders in council passed under the authority of the National Emergency Transitional Powers, 1945, for the months of April and May 1947. Orders in council passed under the National Emergency Transitional Powers Act, 1945, were last tabled on April 24, 1947. These will be the last group of orders in council to be tabled under the provisions of the National Emergency Transitional Powers Act, 1945, since the act expired on May 15, 1947.

Hon. HUMPHREY MITCHELL (Minister of Labour): I desire to table copy of P.C. 2179, passed on June 3, 1947, by which the federal government extended until March 31, 1949, the time limits under which financial contributions may be made to the capital cost of new vocational schools, including building and equipment costs. The arrangement is a dollar for dollar one between the federal and the provincial governments. The extension has been approved following representations by the provincial governments that the shortage of building materials made it impossible to complete school building programmes by the original deadline of March 31, 1948.

REPORTS OF COMMITTEES

HUMAN RIGHTS—CONCURRENCE IN FIRST REPORT

Right Hon. J. L. ILSLEY (Minister of Justice) presented the first report of the special joint committee on human rights and fundamental freedoms, and moved that the report be concurred in.

Motion agreed to.

STANDING ORDERS—CONCURRENCE IN THIRD REPORT

Mr. MATTHEW MacLEAN (Cape Breton North-Victoria) moved:

That the third report of the standing committee on standing orders, presented on Wednesday, June 4, be now concurred in.

Mr. JEAN FRANCOIS POULIOT (Temiscouata): Mr. Speaker, the last petition of the electors of Temiscouata county has completed its home run. I shall not make any remarks other than those I have already made, but if the house is kind enough I should like to place on the record editorials from the Vancouver *Sun* and the *Northern Daily News*. I have also a letter from Mr. J. A. Laforest, Mayor of Squatteck.

Mr. SPEAKER: Has the hon. member the unanimous consent of the house?

Mr. COLDWELL: To table these documents, Mr. Speaker?

Mr. POULIOT: To put them on the record.

Mr. COLDWELL: I think anything put on the record should be read, Mr. Speaker.

Mr. POULIOT: That is all right, thank you. I tried to get rid of the embarrassment I would feel in reading those articles. The first, entitled "Sacramental Words," is from the Vancouver *Sun*, May 13, 1947, and the other, entitled "Shredded Red Tape," is from the *Northern Daily News*, of Kirkland Lake, Ontario.

Mr. SPEAKER: Order. The hon. member knows he is quite out of order in reading articles from newspapers.

Mr. POULIOT: I will bow to your ruling, Mr. Speaker, but those who have not read this have missed a lot.

Motion agreed to.

PRIVATE BILL

FIRST AND SECOND READINGS—SENATE BILL

Bill No. 266, to incorporate Federation Insurance Company of Canada.—Mr. Cote (St. Johns-Iberville-Napierville).

JUVENILE DELINQUENTS ACT

LEAVE TO APPEAL FROM DECISION OF JUVENILE COURT OR MAGISTRATE

Right Hon. J. L. ILSLEY (Minister of Justice) moved the first reading of Bill No. 267 (from the senate), to amend the Juvenile Delinquents Act, 1929.

Motion agreed to and bill read the first time.

BUTTER

REQUEST FOR STATEMENT OF GOVERNMENT POLICY AS TO FLOOR PRICE

On the orders of the day:

Mr. R. E. DROPE (Northumberland, Ont.): Mr. Speaker, I have a question to direct to the Minister of Agriculture, but since he is not in his seat perhaps the Prime Minister would answer it. Reports that have

reached me indicate that the butter industry, from producer to consumer, is in a state of confusion reacting to the detriment of all. Will the minister state what the policy of the government is in regard to a floor price on butter?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I must thank my hon. friend for the compliment he pays me. In reply I would say that the government's policy will be made known in due course.

OCEAN TRANSPORT

INQUIRY AS TO PASSAGE FOR CANADIANS DESIRING TO RETURN FROM OVERSEAS

On the orders of the day:

Mr. J. I. HAMEL (St. Maurice-Lafleche): Mr. Speaker, I wish to ask the appropriate minister a question. Because the government directly or indirectly sponsored the admittance of thousands and thousands of immigrants on ships, many Canadian citizens who are now overseas cannot return to their own country. Will the government tell the house what steps will be taken to facilitate the return to this country of those Canadian citizens before further immigrants are admitted?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, I am not aware that the government has sponsored transportation for immigrants. It is my understanding that ships are common carriers and operate on the basis of first come, first served. That is certainly the case with the air lines. I think a little patience is all that is required for those Canadians overseas desiring to return to Canada.

VISITING FORCES

UNITED STATES—DISCIPLINE AND INTERNAL ADMINISTRATION WHEN IN CANADA

The house resumed from Thursday, June 5, consideration of the motion of Mr. St. Laurent for the second reading of Bill No. 253, to make provision with respect to forces of the United States of America when visiting Canada and with respect to the exercise of discipline and to the internal administration of such forces, and of the proposed amendment thereto of Mr. Probe.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, the motion for second reading of this bill and the amendment moved by the hon. member for Regina City, that the bill be not now read a second time but that the subject matter be referred to the committee on external affairs, have occasioned a debate that has covered a wide range of international politics. I shall not venture to take the time of the house to comment on many things which have been said in the course of that debate and with which most members of the house would be in agreement, or upon a number of things that have been said with which I cannot agree but which I do not think it is necessary to point out specifically. There are some points, however, upon which I feel it is my duty to give accurate and precise information to the house before it is called upon to vote on the amendment moved by the hon. member for Regina City.

The first point with which I wish to deal is the effect of that kind of motion. There seems to be some uncertainty as to the effect of an amendment to a motion that a bill be read a second time, referring the subject matter of that bill to a committee for consideration. I have discussed this matter with the Clerk, whose experience in things of this kind is, as everyone knows, wide and broad. I have also looked at some of the authorities and I venture to suggest that this is the situation. When a motion for the second reading of a bill has been put a member may move that the bill be not now read a second time but that its subject matter be referred to either a standing or a special committee. If the amendment carries the bill is killed for the time being. There is always the rule that when the house decides that a bill be not now read a second time the door remains open for a motion to place it on the order paper for second reading at another time. But if the amendment that the bill be not now read a second time carries and the subject matter be referred to a committee, a motion to place the bill on the order paper for second reading cannot be made so long as the subject matter is before the committee. The subject matter cannot be dealt with in the house while it is under reference to the committee. If the committee reports recommending the passage of legislation identical in terms to the bill the subject matter of which was referred to the committee a motion for the second reading could be made without having the bill previously read again a first time. But if the committee does not so report or does not report at all the bill cannot be dealt with in the house. If the report of the committee is not for the introduction of legislation identical in terms with the bill, and the report is concurred in, that is the end of the matter. So that, in fact, as a matter of practical application, there is little chance for a bill, the subject matter of which has been referred to a

committee for consideration, to receive further consideration in the house at that session.

The second point with which I wish to deal is the remarks made by the hon. member for Kamloops (Mr. Fulton) with respect to the effect of legislation or proposed legislation recently submitted by the President to the Congress of the United States. I think it is necessary that the Canadian public know what the situation is and not be left under the impression that might have been gathered from newspaper dispatches which have had to be qualified previously in statements to the house but which, unfortunately, the hon. member chose to put on the record last night.

There was recommended by the President to the Congress of the United States on May 26 a bill to replace the act which had been passed in 1940, and which was an act to authorize the secretaries of war and navy to assist the governments of the American republics to increase their military and naval establishments. The President, in submitting this bill, said, among other things:

> As stated in my message to the 79th congress our army and navy have maintained cordial relations of collaboration with the armed forces of other American republics, within the framework of the good-neighbour policy. Under authorization of the congress, military and naval training missions have been sent to various American republics.

And further down, he said:

> The American republics have assumed new responsibilities for their mutual defence and for the maintenance of peace in the act of Chapultepec and the charter of the united nations.

Hon. members know that the act of Chapultepec is an act adopted by the members of the Pan-American union to which Canada does not belong. I continue:

> The close collaboration of the American republics provided for in the act of Chapultepec, the proposed treaty to be based upon that act, and other basic inter-American documents, make it highly desirable to standardize military organization, training methods, and equipment as has been recommended by the inter-American defence board.

Canada is not a member of the inter-American defence board, which is an organism of the Pan-American union. I continue:

> Under the bill transmitted herewith, the army and navy, acting in conjunction with the Department of State, would be permitted to continue in the future a general programme of collaboration with the armed forces of our sister republics with a view to facilitating the adoption of similar technical standards.

That is the proposed legislation submitted to the United States congress by the President. In submitting it, he had this to say:

> The collaboration authorized by the bill could be extended also to Canada whose cooperation with the United States in matters affecting their common defence is of particular importance.

That being the situation, it was stated here the other day by the Prime Minister (Mr. Mackenzie King) that this legislation had no effect whatsoever on the arrangements outlined and described by him in his statement to the house on February 12, 1947. I think it is only fair that the Canadian public should realize that such is the situation, and that this legislation was legislation to replace the act to which I have referred, an act authorizing the secretaries of war and of navy to assist the governments of the American republics to increase their military and naval establishments and for other purposes. The legislation relates exclusively to the projects arising out of the arrangements of the act of Chapultepec and to implement the undertakings made by those who are parties to that act. It is something which could be extended to Canada, which could be extended to any other nation, which could be extended even to Russia, but it would have to be by arrangement with the sovereign government of such other nation.

Another matter which I think I should deal with at once is this, the idea mentioned by several speakers that the introduction of this bill at the present time had implications which went far beyond the declarations of policy enunciated by the Prime Minister on February 12, 1947. The purpose of this bill is to implement a portion of the declaration made on February 12, 1947, and goes no farther than that; and these implications that have been discussed, these prospective dangers that have been conjured up, cannot be founded on this bill or on the declaration of policy of February 12, 1947. If hon. members choose to imagine other possible policies, other possible dangers, I do not contest their right to do so, but let them do so on their own responsibility. In the presentation of this bill or in the policy declared to this house nothing is to be found which can serve as a basis for such feared possible consequences.

Mr. PEARKES: On a question of order, may I suggest that the term used by the Secretary of State for External Affairs and subsequently withdrawn led me to get the impression that it went beyond the statements made, because the minister used the word "unit" which has a military interpretation. It is not quite fair to say that the dangers mentioned were not founded on anything in the presentation.

Mr. ST. LAURENT: I am afraid that those to whom I have been talking about the signification, the meaning of military unit since our exchange the other day do not appear to agree with the hon. member that it means necessarily anything other than a group of men under the command of one or more officers. It was in that sense that I used the word. It may be that great military strategists, like doctors, sometimes disagree. I do not wish to pronounce between them, but I do wish to assert that all I intended it to mean was a group of men under the command of one or more officers.

Mr. MacNICOL: Even judges disagree.

Mr. ST. LAURENT: There is one other matter with respect to which I think it is only proper that the real facts should be once more called to the attention of hon. members, and that arises out of the statement that the policies enunciated in the declaration of February 12, 1947, were a departure from the policy that had been declared in this house by the Prime Minister in 1938 when the question arose as to whether or not training establishments could be set up by the government of the United Kingdom on Canadian soil. First of all, I wish to come back to the theoretical question asked me by the hon. member for Vancouver South (Mr. Green) when I moved second reading of the bill. He asked where the government obtained the authority to invite the uniformed men of another nation on to Canadian soil. I replied I did not know of any statutory authority. but I pointed out that I thought it was something which could be done, if no prohibition was established by parliament against it.

During a discussion of the estimates in 1938 the then leader of the opposition, now Viscount Bennett, was criticizing something that had been discussed in the press about the establishment of training camps in this country by the government of the United Kingdom. I wish to say at once that it is quite inaccurate to say that there ever was any request and refusal. The situation was that the then leader of the opposition said, because of the known attitude of the government, "Of course there will be no request"; and that is where it ended.

I have before me *Hansard* for 1938, and I find at page 4523 a report of the discussion which took place when the estimates were before committee of the whole. Mr. Bennett said:

> The third point has to do with the utilization of portions of this country for the purpose of training grounds for the training of aviators.

And then, to skip a few lines—

> I believe other parts of the British empire have been considered, and the information is that not a request but what is equivalent to it, namely an approach to this government, was made to ascertain whether or not there would be any objection to this being done. Obviously no member of the commonwealth is going to ask this government, and face a refusal, because that is not the way governments do business.

Then, in dealing with that matter the Prime Minister said, as reported at page 4529 of *Hansard* for that year:

> This government has never at any time said that it was not prepared to give in our own establishments the opportunity to British pilots to come over here and train, but they will do it in our own establishments, controlled by our own Minister of National Defence who is responsible to this parliament. That is an entirely different thing from having a branch of the British forces establish headquarters in this country, direct their own men here and be responsible, not to this parliament for what takes place in Canada as a consequence, but only to the British parliament and the British people.

That is exactly the situation; and I invite hon. members to compare that situation with the one described by the Prime Minister in his statement to the house on February 12 last, when he said:

> As an underlying principle of all cooperative arrangements will be without impairment of the control of either country over all activities in its territory.

That is the arrangement as it exists at the present time, and for the properly carrying it out it is felt by the government that a bill of this kind is appropriate and even necessary. I think most hon. members who have had military experience have said that if there were to be groups of men of the forces of another country present in this country under the command of an officer or officers it would be proper and desirable that that officer or those officers should have the disciplinary powers provided for by this bill.

It has been suggested in debate—I believe it was by the hon. member for Cariboo (Mr. Irvine)—that there seemed to be no reason to limit this bill to the United States of America, and that it might very well have been a foreign friendly powers forces act. I can assure hon. members that that was considered. I have not been in the house for many years, but I have been here long enough to feel, rightly or wrongly, that if the government had attempted to introduce that kind of bill these rafters would have rung with the denouncements of this autocratic government which wanted to substitute itself for the parliament of the nation.

It was said in the debate, and rightly said, that matters of defence policy should be

considered and determined by this house of parliament. And it is to respect that principle that we thought it would be undesirable to come to parliament and to ask for powers such as that contained in the act of the American congress to which reference has been made, or even the act of the United Kingdom which was referred to, both of which are acts applicable to the armed forces of friendly powers to be designated by proclamation of the President or by His Majesty in council.

We did not think it would be proper to come to the house and say, "Pass an act under which the governor in council can apply this legislation to any nation." At the present time there is a similar act which applies to the armed forces of the United Kingdom and other units of the commonwealth, and to all parts of the empire dependent upon the parliament of the United Kingdom. There is occasion for members of the armed forces of our neighbour to the south to be present on our territory, and this bill is to make provision for that situation. There may come a time when there will be occasion for men of the armed forces of other friendly nations to visit this country. If that does happen, I consider it proper that the government should be required, in order to give them the disciplinary and court-martialing powers provided in this act, to come back to parliament and put the situation before it, telling it why those men of the armed forces of another friendly nation are here, the reason for it, and have the judgment of parliament as to whether or not the government has acted properly in inviting such men to visit this territory.

The question was asked: Well, what is the limit of this power of the governor in council to invite members of the armed forces of a friendly nation to visit Canadian territory? The limit is the responsibility of the government to this house of parliament and to the country. The government is not as desirous of committing political suicide as was suggested in the course of the debate with respect to another matter last night. Any government, whether it be this one, or one formed of any other party, knows that for its acts it is responsible, first of all, to the opinion of the house and, then, to the opinion of the country. It is in the light of that responsibility that it carries out any policy over which it has these powers of management and control. It was my feeling, and the feeling shared by my colleagues, that the government would not be realistic at this session, while we were having a long debate on the extent of the powers of the governor in council as compared with those remaining in parliament, to come to parliament and say, "Give us all your powers with respect to this matter and let us select those to whom these privileges will be extended." It does strike some that when this government proposes something that has to be regarded as good because it is good, hon. members can find room to say that it is not being done in the right way. If they cannot oppose the end to be achieved, they do find some way of saying they should be reached in another way, that it would be better to travel another route to get to the same goal.

I wish to say something with respect to some of the quite pertinent questions submitted by the hon. member for Vancouver South, whose interest in this, I am sure—at least I hope I can be sure—was not political in the sense of party politics, but was as genuine as that of a great many other members who participated in the debate. Several questions were suggested by the hon. member. One was, is this reciprocal? I think the hon. member was satisfied by the explanation given by the Minister of National Defence (Mr. Claxton) that it is absolutely reciprocal with our good neighbours to the south. The next question was, "are these persons of the United States armed forces present in our territory for purposes of training or for purposes of military occupation—

Mr. GREEN: Oh, no.

Mr. ST. LAURENT: Those are not the exact words—or for purpose of manning an establishment under their own control? The answer to that question is in paragraphs 2 and 5 of the Prime Minister's declaration of February 12, 1947. Paragraph 2 reads:

> General cooperation and exchange of observers in connection with exercises and with the development and tests of material of common interest.

Paragraph 5 says:

> . . . without impairment of the control of either country over all activities in its territory.

That is the purpose for which they are here.

Mr. GREEN: If I may interrupt the minister, my question was whether the troops were in Canada for training or, in some cases, to establish posts.

Mr. ST. LAURENT: Here the answer is given that they are here for training in the broad sense. I do not know that it is for training of the individuals but it is.

> . . . to increase the familiarity of each country's defence establishment with that of the other country.

And:

General cooperation and exchange of observers in connection with exercises and with the development and tests of material of common interest.

I suppose that would come under the general classification of training. It is not something designed to improve the military prowess of the man who is here. It is a test of the material and equipment, so that the knowledge acquired from the test may be made available to others than those who are in personal attendance.

Mr. GREEN: I do not wish to interrupt the minister, but if I may be permitted to do so I should like to ask him one other question. Is there not quite a difference between that and establishing United States posts in Canada?

Mr. ST. LAURENT: Oh, yes.

Mr. GREEN: It should be easy enough to explain whether or not there are to be United States posts established in Canada.

Mr. ST. LAURENT: There are not to be United States posts established in Canada under the policy stated by the President and by the Prime Minister on February 12, 1947. I hope there will never be anything more than at present, but no man can undertake to say that situations will not change—

Mr. MACKENZIE: That is so.

Mr. ST. LAURENT: —and that there may not, unfortunately, be some time when all Canadians will be glad to see posts established here.

Mr. MACKENZIE: Especially on the Pacific coast.

Mr. ST. LAURENT: I have great sympathy with much that was said by the hon. member for Muskoka-Ontario (Mr. Macdonnell), but when he said that we could not tolerate that there be anywhere the idea that another war might, unfortunately, sometime become possible, I think that is going much too far. If that were the case, how could any responsible government come to parliament and ask it to vote $226,709,331 for defence preparations for one fiscal year? And how can any of the hon. gentlemen opposite be making speeches to the effect that we are not doing enough in that line?

The third question raised by the hon. member was, What consent is required for the presence of such personnel here? The consent required is the arrangements worked out by the personnel of the general staffs of the two countries within the terms of this statement of policy made on February 12, 1947. They, within the terms of that policy, can work out arrangements which, I am sure, hon. members with military experience will say should be left to the military authorities and should not be directed as to details by the members of this house.

Mr. GREEN: Does the cabinet not pass at all on any of these invitations to foreign troops to come to Canada?

Mr. ST. LAURENT: The cabinet passes upon the general policy, and if there is anything in contemplation which is not just routine for the carrying out of the policy declared to parliament, then the matter will have to come back to the cabinet, and would probably come back to the cabinet in the form of a recommendation of the joint permanent board on defence. The general staff has no authority to go beyond the ordinary routine of carrying out what has been stated to be the policy of the two countries. That brings me to a point which I think it is important to make, and it affords an answer to another question: Why was this not put in the form of a treaty like the treaty between Australia and New Zealand?

Mr. GREEN: Before the minister leaves that other point, may I ask him whether the inviting to Canada of United States troops who are now here was considered by the cabinet, or whether it was merely done by the general staff?

Mr. ST. LAURENT: I do not know to what extent it is proper for me to go in attempting to describe accurately to this house the measures being taken by our general staff to do what the country expects them to do if it is to provide them with $226,000,000. I am not going to attempt to do that.

Mr. GREEN: That is not answering the question.

Mr. ST. LAURENT: Well, if it is not answering the question, then the question will not be answered by me.

Mr. GREEN: All right.

Mr. ST. LAURENT: It was suggested that the subject matter of this bill might be referred to the committee on external affairs. To that course we are unalterably opposed. But after the bill gets its second reading, if members of the house want the bill referred to the committee on external affairs and want to question the officers of the general staff in that connection, the government has no objection whatever to the bill going before the committee on external affairs, and the hon. member for Vancouver South can go there and ask these questions. The hon. member knows as well as I do that there are

things which should not be stated in public debate. I am not in a position to draw the line. The members of the general staff are in a position to determine what it is proper for them to say publicly and what it would be improper for them to say in public. I am not in a position to do so, and I cannot and will not attempt to answer any better than I have done.

With respect to the question as to why this matter was not put in the form of a treaty; well, hon. members have been very much concerned over the effect that even these joint statements might have in raising further suspicion in the minds of members of other governments. We do not overlook that. It does not bring us to the point where we refuse to recommend to parliament the appropriation of hundreds of millions of dollars for the preparation of defence. It does not deter us from doing the things that are recommended to us by those who are in charge of our general staff as being the prudent and proper things to do. But it does make us cautious; it does cause us to try to avoid doing anything unnecessary or anything which might be treated as alarming. We felt that if a treaty were made it would be seized upon as evidence supporting the impression that exists—I will not say how it is created—as to the wide gulf between the two ideologies of the east and the western democracies, and as evidence that the countries of the western democracies are lining up, ganging up, against the rest of the world. And it was quite unnecessary. What was contemplated was merely the continuation of a policy that had been in operation for a number of years, and it was so stated by the Prime Minister in his declaration. If hon. members will read that declaration they will find that the Prime Minister was at pains to point out that since August, 1940, when the creation of the joint board on permanent defence was announced, it was stated by the President of the United States that the board—

> . . . shall commence immediate studies relating to sea, land and air problems including personnel and material. It will consider in the broad sense the defence of the north half of the western hemisphere.

That was a year and a half before the United States became a belligerent in the last terrible war. The Prime Minister then declared that even the 1940 statement was merely a logical development of what had preceded it, and described in what manner that policy had been carried out in this country. Further, he went on to say that there was no treaty, no binding undertaking to continue; that it was a matter of cooperation along parallel lines, to which both parties would conform so long as it suited them to do so, but to which neither party was bound for any time beyond that during which it suited its policies to do so. The declaration further stated that the decision was made—

> . . . as a contribution to the stability of the world and to the establishment through the united nations of an effective system of world-wide security. With this in mind each government has sent a copy of this statement to the secretary general of the united nations for circulation to all its members.

Some of the debate in this house has almost implied that the adoption of this bill would be an alternative to Canada's participation in the united nations; and some of the debate would set up, on the one side, the hoped-for advantages to be derived from the united nations and, on the other, those to be derived from this kind of cooperation between Canada and her neighbour to the south. Well, it seems to me that is giving the Canadian public an entirely false impression. The corner-stone of Canada's policy, the corner-stone of the policy of our neighbour to the south, is the strength and validity and efficiency of the united nations organization; and that will ever continue to be the corner-stone of their policies. In spite of the many disappointments all of us have felt about the progress toward an efficient organization as contemplated by the charter of the united nations, I am still hopeful, as the hon. member for Muskoka-Ontario said, that the common sense of mankind all over the world will finally prevail and will allow us all to make the united nations organization an efficient working instrument for world peace and world security. But until we have a further demonstration of its ability to protect each one of us, then each one of us has to do his share to meet the conditions of a troubled world as they still exist; and that is the only justification for asking this parliament this year to appropriate $226,000,000 for our national defence.

Another question was, how long will this act operate? I think this act, if it is passed in its present form, will operate for a long time. I think it will operate as long as a government supported by this party is in power, and that is too indefinite a period to attempt to place any limit upon it. But it can operate only when there are forces of a friendly nation on Canadian soil. If it should ever happen that hon. members opposite, either the group nearest Mr. Speaker or a group further removed, were in control of the government of Canada, it would be they who would decide whether or not forces of a

friendly power could remain on Canadian soil. If their decision were that there should be none, then the act would not operate.

Mr. MACKENZIE: That would never happen.

Mr. GREEN: You think you are going to be there forever?

Mr. MACKENZIE: For a long time.

Mr. SPEAKER: Order. I have to tell the right hon. minister that already he has spoken for forty minutes.

Some hon. MEMBERS: Go ahead.

Mr. ST. LAURENT: There were other things I intended to say, but I do not think they need to be said. If I have unanimous consent, however, I wish to deal with the sixth of the hon. member's questions. That was, what would be the control over such training or other operations as would take place on Canadian territory? The answer is to be found in paragraph 5 of the joint statement of the President and the Prime Minister:

> As an underlying principle all cooperative arrangements will be without impairment of the control of either country over all activities in its territory.

Mr. GREEN: Does that mean that there will be Canadian officers in command of these United States troops?

Mr. ST. LAURENT: In these joint operations, if the thing is being done in Canadian territory, the principle is that there must be Canadian command. That command will be exercised through the ordinary channels, not exercised directly by the Canadian commander over the individual in the United States group. The supreme command over the operation is to be Canadian when the operation is carried out in Canada. Of course there will be a United States command in such cooperative exercises or tests as are carried out in United States territory. I thank hon. members for their indulgence.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I should like to say a word and I am going to be brief about it. I do not think that, on the whole, this debate has served the best interests of good relations between nations with which we are friendly. I regret very much that the debate has been taken as an occasion and opportunity to criticize the policy or the attitude of the U.S.S.R. and of the United States. Many of the things that have been said in this debate would have been much better had they remained unsaid, but they have been said. I do not think some of the extravagant statements should be taken to represent the point of view either of this parliament or of the country generally.

I wish to say something about the suggestion of the Secretary of State for External Affairs (Mr. St. Laurent) regarding the amendment moved by the hon. member for Regina City (Mr. Probe). A short time ago a bill introduced by the hon. member for Winnipeg North Centre (Mr. Knowles) was before the house. It had to do with retirement and superannuation of railway employees. I remember distinctly that it was suggested that, instead of the second reading of the bill being pressed that evening—it was thought by hon. gentlemen on the government side, and by the minister, I think, that even if it were enacted it could be improved—it should be referred to the committee before being read the second time.

My understanding was—and I think the minister has confirmed this—that, while the bill itself might not come back to the house in the same form, the substance of the bill could come back in the form of a bill. If the substance were the same as that which had been sent to the committee, then it would come back for second reading of the bill, but otherwise it would mean that the substance would be incorporated in a new bill and the matter dealt with in that way. It seems to me that the two cases are analogous. If it was good to send one bill to the appropriate committee it ought to be good to send this bill to the appropriate committee also.

I think this measure does indicate a complete change in the attitude of the government of Canada now in office and of the Prime Minister (Mr. Mackenzie King) from the attitude taken in former days. I too, had *Hansard* of July 1, 1938, before me when the Secretary of State for External Affairs read that portion of the debate which he read; but if one is to understand the paragraph which the right hon. gentleman read one must understand the dialogue which preceded that paragraph and I propose to indicate to the house what I mean. I remember that debate distinctly, and I remember that I agreed whole-heartedly at that time with the position taken by the Prime Minister.

The bill now before us does imply a change of policy. I believe that it is essential, if Canada is to give any of her sovereignty to some other body, that portion of our sovereignty should be given to the united nations and we should not in any way surrender our sovereignty to some other foreign power, not even, may I say, to another member of the

commonwealth of nations, let alone a nation which, though friendly, is not associated with us in that way. I remember very well that debate when the Prime Minister said, as reported on page 4529 of *Hansard* for 1938:

We have in Canada our Department of National Defence; we have our army and our air force and our naval service establishments as the British government have their army and navy and air force establishments under their own control and a responsible minister. You cannot have two military forces operating in individual countries responsible at one time or in part to the one government and at another time and in part to another government. We have to take complete responsibility ourselves with respect to everything we do and for everything that is done here.

Mr. Bennett: This is not a military force but a training force.

Mr. Mackenzie King: I want the house and the country to understand clearly what is being discussed. My reference was with regard to the idea of having the imperial air force set up a flying school somewhere in Canada to train their flying pilots. In short, a military station to be put down in Canada, owned, maintained and operated by the imperial government for imperial purposes.

Mr. Bennett: Not for imperial purposes.

Mr. Mackenzie King: It is for imperial purposes. Is it for Canadian purposes?

Mr. Bennett: Yes, very much so.

May I point out that the Prime Minister said:

It is for imperial purposes. Is it for Canadian purposes?

Is it for Canadian purposes that we are inviting these troops into Canada, or is it primarily for United States purposes?

Mr. CLAXTON: Exclusively for Canadian purposes.

Mr. COLDWELL: The Prime Minister went on:

I say that we will look after our own defence in cooperation with other parts of the empire, just as they will look after their own defences in cooperation with other parts of the empire, but that cooperation will be most effectively maintained and carried out by each part managing its own affairs and being responsible to its own parliament for all its actions in respect thereto.

Then the Prime Minister issued this interesting challenge:

I have made this statement at this time this morning so that there can be no mistake about the attitude of the Canadian government on this question, and if at any time my right hon. friend wants to go before the Canadian people and have this issue fought out, I am quite prepared at the appropriate time to go before them.

That was the statement made at that time. Let us look at what the Secretary of State for External Affairs has said. The hon. member for Vancouver South (Mr. Green) asked him at whose invitation these troops were coming and whether their entry into Canada was supervised by the cabinet of Canada? The answer was given that the entry into Canada of troops from the United States would be under the control of the general staff and that for security reasons he could give us no other information. I want to say that I think Canada, at the present time at peace, should be governed by the parliament of Canada or by the executive branch of our parliament responsible to this parliament, namely the cabinet. The cabinet alone should have authority from parliament and should alone exercise that authority to bring troops of any foreign power into this country.

Mr. MACKENZIE KING: Would my hon. friend permit me? I thought as I listened to him that he was not representing fairly what the Secretary of State for External Affairs said. I think my colleague made it perfectly clear that the government decided the policy—

Mr. COLDWELL: That is right as to policy.

Mr. MACKENZIE KING: —and that under that policy a certain authority was given to the chiefs of staff, and that they would have no right to exercise any authority outside of that which is given to them by the cabinet. May I say that in these matters—and I am not disclosing any cabinet secret—it is customary, before any measure is taken under authority of that kind, for a report to be made by the minister himself to his colleagues. There is ample cabinet supervision of these matters.

Mr. COLDWELL: I am glad that the Prime Minister has made that statement. It certainly was not clear from what the Secretary of State for External Affairs said, and I am glad that we have had that point clarified because it removes what seemed to some of us to be an objectionable feature. We are most anxious that this country shall retain its independence.

Mr. MACKENZIE: So are we.

Mr. COLDWELL: We are under tremendous economic pressure from our great neighbour to the south, as we are bound to be because of our proximity to her, and we are most anxious that we shall in no way jeopardize our independence.

Mr. MACKENZIE: So are we.

Mr. COLDWELL: I am glad to hear that, and I believe it is true.

Mr. ST. LAURENT: You never doubted it.

Mr. COLDWELL: No, I did not doubt that for one moment, but I do think that those of us who are looking into these matters should emphasize that point of view, that we want our country to retain its independence of any foreign power.

The minister says that there is reciprocal legislation. I listened to the reading of the proclamation made by the President of the United States bringing into effect their legislation under which our troops were disciplined in the United States, but let me say that I noticed one word in that proclamation which does not assure me that that reciprocity is now being carried on or will be carried on in the future. That word is "co-belligerents." We, the United Kingdom and Canada, are described in the President's proclamation as co-belligerents. It may be argued that we are still co-belligerents because the peace treaties have not been signed. On the other hand, we know perfectly well that, so far as Canada is concerned, it is generally believed that the war ended on a date when the wartime measures were to go out of existence.

Mr. MACKENZIE: Was not that proclamation issued in 1944?

Mr. COLDWELL: In 1943, was it not?

Mr. MACKENZIE: The war was on, so that we were co-belligerents then.

Mr. COLDWELL: That is my point. We were referred to then as being co-belligerents because we were then co-belligerents. We are co-belligerents no longer and therefore I wonder if it applies now. I still think this bill should go before the external affairs committee before its second reading, before this house assents to the principle of a bill about which there has been considerable discussion in the house, and no doubt will be considerable discussion across the country. I suggest that, in spite of what the Secretary of State for External Affairs has said about the bill being killed if it goes to a committee, it will not be killed any more than the railway pensions bill of my hon. friend the member for Winnipeg North Centre will be killed when it goes before the appropriate committee, where it can be considered, revised, redrafted or returned to this house with a recommendation, if the committee so desire, for concurrence in the measure.

Mr. DONALD M. FLEMING (Eglinton): Mr. Speaker, I want to take just a moment to correct a statement made by the Secretary of State for External Affairs (Mr. St. Laurent) this afternoon with reference to the statement which he attributed in yesterday's debate to the hon. member for Muskoka-Ontario (Mr. Macdonnell), who is not in his place this afternoon. The interpretation put upon that statement by the minister in his remarks this afternoon was that the hon. member for Muskoka-Ontario was saying that we should refuse to tolerate the idea that war is possible. I would ask the minister to refer to *Hansard*, page 3831, where he will see that the hon. member for Muskoka-Ontario said something quite different. His words were these:

> . . . we should refuse to tolerate the idea that war is coming and accept it as a kind of inevitability.

What he was objecting to was our resigning ourselves to treating the coming of war as inevitable, and I say that the minister in what he said this afternoon, in reply to the purported statement of the hon. member for Muskoka-Ontario, was simply building up and knocking down a straw man of his own making.

Mr. ST. LAURENT: Mr. Speaker, I wonder if I might have your indulgence and the indulgence of the house to answer a question that I intended to answer, put by the hon. member for Vegreville (Mr. Hlynka). Last night he referred to certain maps that appear to be printed in the Russian language. One of them is in the Russian language, and the other in the language of Czechoslovakia. They are the official maps annexed by the council of foreign ministers to the peace treaties. They were not ready when the peace treaties were distributed to hon. members, but hon. members will have noticed that there was a pocket envelope in the binding of the treaty, and just as soon as we could get the maps they were mailed to those to whom the treaties had been distributed. So far we have been able to get only those two. As to the peace treaty with Italy, there were twenty-one or twenty-two maps selected by the council of foreign ministers. The hon. member asked why these two maps were not printed in English. I do not know. I was not present at the council of foreign ministers. The map selected by them for Finland was printed in the Russian language, and the map selected by them to describe the boundaries of Roumania was printed in the Czechoslovakian language. That is the explanation.

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

YEAS

Messrs:

Archibald	Burton
Argue	Campbell
Bentley	Castleden
Bowerman	Coldwell

Gillis
Green
Irvine
Jaenicke
Knight
Knowles
McCuaig
McCullough (Assiniboia)
MacInnis
McKay
Matthews (Kootenay East)
Nicholson
Probe
Stewart (Winnipeg North)
Strum, Mrs.
Townley-Smith
Wright
Zaplitny—26.

NAYS

Messrs:

Adamson
Ashby
Baker
Barrett
Beaudoin
Belzile
Benidickson
Bertrand (Prescott)
Black (Yukon)
Blackmore
Blair
Blanchette
Boucher
Bracken
Bradette
Bradshaw
Bridges
Brown
Caouette
Casselman
Charlton
Chevrier
Church
Claxton
Cleaver
Cloutier
Coté (Verdun)
Coyle
Daniel
Dechene
Denis
Emmerson
Fair
Farquhar
Fleming
Fournier (Hull)
Gauthier (Portneuf)
Gladstone
Golding
Gour (Russell)
Hansell
Harkness
Hazen
Hlynka
Homuth
Howe
Ilsley
Jaques
Jean
Johnston
Jutras
King, Mackenzie
Kuhl
Lafontaine
Lalonde
Lapointe
Lennard
Low
McCann
McDonald (Parry Sound)
McGarry
McGregor
McIlraith
McIvor
Mackenzie
MacLean
McLure
MacNaught
MacNicol
Marier
Marshall
Martin
Matthews (Brandon)
Mayhew
Menary
Merritt
Michaud
Mitchell
Murphy
Mutch
Pearkes
Picard
Pouliot
Quelch
Raymond (Wright)
Reid
Richard (Gloucester)
Richard (Ottawa East)
Robinson (Simcoe East)
Ross (Souris)
St. Laurent
Sinclair (Vancouver North)
Smith (Calgary West)
Stuart (Charlotte)
Stirling
Timmins
Tremblay
Tustin
Warren
Webb
White (Hastings-Peterborough)
Winkler
Winters
Wylie—104.

Mr. POULIOT: Mr. Speaker, I have a word of explanation to give the house. I voted against the amendment to refer the bill to the committee on external affairs because I believe the bill cannot be improved—

[Mr. St. Laurent.]

Some hon. MEMBERS: Order.

Mr. POULIOT: I am speaking on second reading.

Mr. SPEAKER: The hon. member is out of order.

Mr. CASSELMAN: It has not been called.

Mr. SPEAKER: The motion is not yet before the house.

Mr. POULIOT: I have the right to speak on second reading.

Mr. SPEAKER: The motion for second reading is not actually before the house; so there is nothing before the house.

(Translation):

Mr. HAMEL: I was paired with the hon. member for Champlain (Mr. Brunelle). Had I voted, I would have voted for the amendment.

(Text):

Mr. HERRIDGE: I was paired with the hon. member for Richelieu-Vercheres (Mr. Cournoyer). Had I voted, I would have voted to refer the bill to the committee.

Mr. SPEAKER: Is the house ready for the question?

Mr. MACKENZIE: Question.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, before second reading is passed, I have a few observations I should like to make. The suggestion was made that the bill be referred to the committee on external affairs. That is a respectable view, but I do not believe the bill is a good one or that it serves a useful purpose, so that it seems to me it could not be improved before a committee. Therefore I voted against the amendment.

My suggestion is that, instead of a bill of this kind, we should send to the United States on the occasion of the visit of the President of the United States an invitation to join our empire with the status of a dominion.

Mr. LOW: Mr. Speaker, would the Secretary of State for External Affairs give us the assurance that the bill will be sent to the committee on external affairs?

Some hon. MEMBERS: No.

Mr. ST. LAURENT: Mr. Speaker, in that regard I am in the hands of the members of the house. I stated that the government has no objection to the bill going to the committee on external affairs, and if it is the desire of hon. members that that course be pursued, the government is quite prepared to acquiesce.

If, on the other hand, hon. members would prefer to have the bill dealt with in committee of the whole, here, that would be also equally acceptable to the government.

Mr. MacINNIS: That depends upon the motion the minister will make after second reading has been taken. He can send it either to committee of the whole, or to the committee on external affairs.

Mr. MACKENZIE: Question.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I voted against the amendment, my reason being that, in my opinion, the committee has done very little work. I spoke in the debate on the amendment, and for that reason I shall speak for only a moment or two on this motion for second reading.

During the last war United States soldiers used to be stationed in thousands at Fort Niagara, New York state, and many of them visited my city over week-ends. The people of Toronto seemed to be glad to see them. That was followed to the end of the last war.

I believe what has been said in the debate indicates the necessity of our having an empire conference. We know that three nations are interested in the Pacific—New Zealand, Australia and Canada. An empire conference of that kind should be called at once on trade, defence and migration, and this matter could be discussed at that conference.

Mr. MACKENZIE: Question.

Motion agreed to and bill read the second time, on division.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, carrying out what I said I will move that the bill be referred to the committee on external affairs, so that Your Honour may call for the yeas and nays, and we will not regard it as a defeat of the government if, in your opinion, upon calling for the yeas and nays, Your Honour declares that either has it.

I think it is only proper to leave it to the house to dispose of the bill either here or in committee, as may appear to be the desire of the house. For that purpose I move:

That this bill be now referred to the committee on external affairs.

Mr. SPEAKER: It is moved by Mr. St. Laurent, seconded by Mr. Mackenzie, that this bill be referred to the standing committee on external affairs. Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: Yea.

Some hon. MEMBERS: Nay.

Mr. SPEAKER: In my opinion the nays have it, and the motion is lost.

Mr. ST. LAURENT: I move therefore:

That Your Honour do leave the chair, and that the bill be referred to committee of the whole.

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

On section 1—Short title.

Mr. CHURCH: I should like to get some information on the matter about which I asked a question a few minutes ago. How does it come about that this has been proposed in the way it has been? We are members of the British empire. We have a defence agreement with the dominions and signed with the mother country. As I said before, I have no objection to the consideration of the bill. It seems to me that during the past few years we have stopped all conferences on peace and war between the dominions and the mother country, and that these empire conferences have been ignored by the present government. It has always been the custom, since these conferences were held, to discuss these matters; and it was never more important than at the present time, in these troubled days, that we should have a common empire policy for the dominion and the empire. Two years ago yesterday, or about that time, we had the close of the war with Germany. Britain, and the dominions then stood at the highest point at which they have ever stood in the history of the world and civilization.

The DEPUTY CHAIRMAN: Order. The first section just deals with the short title.

Mr. CHURCH: To deal with this particular section, I cannot understand why this proposed bill was not made the subject of a conference with the other dominions. Canada is part of the British empire and we are not going to be talked out of the British empire; we shall have to be fought out of it. That is the truth. I would go as far as any person in this house in supporting that great nation, the United States, which has done so much in coming to the relief of the world and saving civilization. As I said, I see no objection to a reasonable number of them coming into Canada as they did before in the last war when they came in voluntarily, not by any act of parliament. As a matter of public policy, this bill has an important effect, in the present state of affairs, on Russia, our ally in the last war. They will take it that we shall be wrapped up with the United States in a military sense. It will have a serious effect on federal affairs. I regret that we have not in the city of Toronto three morning papers that used to give what happens

here. If you read one of them this morning you will see how the people are blindfolded and not given the facts of the real debate that took place on this bill. Just read the verbatim report of what happened yesterday and read the report in the *Globe and Mail* of this morning. We want to see the fullest information regarding this matter given to the people. As I see it, I believe we should have had this empire conference and the matter should have been gone into accordingly. With the troubled state of the world today and with Russia acting as she is, I believe that the united effort with the United States is the most important thing we have, and that we should plainly tell our former ally, Russia, what we think about her. As the late President Roosevelt said, if we do not tell her plainly, there will be another war, and it will be a war of survival. I think we ought to make it plain, because that is the only way whereby the western democracies can avert the threat of war. We can go about it in this way, but it does not mean very much. This whole matter by this bill has been made a major issue—

The DEPUTY CHAIRMAN: Order. I should like to remind the hon. member that we are not now dealing with the principle of the bill. We have had a long discussion on the principle of the bill, and when we go into committee we are not dealing with the principle. We are dealing only with the sections. Section 1 is the short title. I just wanted to say that because we do not want to go over again discussion on the principle of the bill. We shall not get anywhere by doing that, as far as making progress is concerned.

Mr. CHURCH: What you say is absolutely correct, Mr. Chairman. I think the minister would be well advised to go about this in some other way than by making it an act of parliament. It has never been done in that way before. I referred to what was done in the last war. There is a large body of public opinion which has been aroused in connection with this matter of peace and war, and a probable war of survival. As I mentioned a moment ago, the western democracies must stand together in peace and war alike. I am sorry that the matter has been brought up in this manner, because I think it will have a serious effect on public opinion and create an alarming state of affairs. It may not mean much as a bill.

Mr. KNOWLES: The title of the act, according to section 1, is to be "The Visiting Forces (United States of America) Act". Has either the Secretary of State for External Affairs or the Minister of National Defence any more specific information than they have given to us previously with regard to the friendly foreign forces act of the United States? In view of the fact that the presidential proclamation referred to the United Kingdom and Canada as co-belligerents, I should like to know whether we are still covered by that act in the United States? The other night the Minister of National Defence, on rather short notice, was endeavouring to answer a number of questions. A number of times he said that he was informed of this or informed of that, which left some of us in considerable doubt as to the exact situation with respect to that act in the United States at the present time.

Mr. ST. LAURENT: May I reply to one part of the question and leave to my colleague, the Minister of National Defence, the reply to the other part? When we were considering the order in council that was last passed under the War Measures Act to give jurisdiction to the service courts of the United States forces present here, it was shown to our satisfaction by the experts of the Department of State that there was nothing required in the form of legislation to authorize our officers in the United States to exercise jurisdiction over their men; that all that was required was provision to give them assistance; that their act was not for the purpose of allowing our service courts to exercise jurisdiction; that they had that by virtue of the constitution of the United States and by virtue of their recognition of the law of nations as applied in decisions of their supreme court. We said, "That is all very well, but we have no way of compelling the attendance of witnesses, or things of that kind, before our service courts." They agreed it would be necessary to have legislation in order to impose obligations upon United States citizens to help us carry out the jurisdiction we have under the law of nations. To that extent they agreed to proceed by legislation to give us the right to get assistance of United States citizens to carry out the jurisdiction we had by virtue of the law of nations. With respect to the other portion of the question, I think my colleague can answer it.

Mr. GREEN: That arrangement, I understand, was made during the war?

Mr. ST. LAURENT: Yes.

Mr. GREEN: What we want to know is whether that has any effect now that we are at peace; and, if so, where is the provision that puts it into effect?

Mr. ST. LAURENT: We were told that was in effect at all times, as a consequence of the construction by the supreme court of the United States of the law of nations.

Mr. GREEN: But apparently not the provision for calling witnesses.

Mr. ST. LAURENT: No, not the provision for imposing duties upon their citizens. Their explanation to us was that, under the law of nations, when they admitted members of the armed forces of a foreign sovereign they admitted that that foreign sovereign could exercise over them in United States territory the powers he could exercise in his own territory; that it did not have to be provided for by statute; that it was covered by a decision going back to Chief Justice Marshall of the United States supreme court, but that it was necessary for them to have some statute to make it a duty for United States citizens to lend us aid in carrying out the kind of jurisdiction we had. The statute they passed was for the purpose of making it the duty of United States citizens to give us the practical aid necessary to carry out our jurisdiction. My colleague the Minister of National Defence will say to what extent that statute is still operative.

Mr. CLAXTON: The statute to which reference is made was that cited by me the night before last. It is public law 384 of the 78th congress, being chapter 326 of the second session of 1944. Under it, the President of the United States is authorized to make the statute applicable to any friendly foreign force, and by the proclamation to which I referred the other night he made it applicable to the United States and Canada. That proclamation was dated October 11, 1944. The act does not limit his power to a power to be exercised only during the duration of the war, and it does not limit the friendly foreign forces in respect of which it may be exercised to the foreign forces of a co-belligerent. When the word "co-belligerent" is used in the preamble it is used merely to describe the United Kingdom and Canada. Certainly my view is that even if the war ends legally, as no doubt it will at some future date, the fact that this word "co-belligerent" appears in the preamble would not cause the proclamation to cease to have effect, but that the law would continue to apply to forces of the United Kingdom and Canada until the contrary was proclaimed by the President.

Mr. KNOWLES: May I say, first of all, that I find it difficult to follow the logic of the Minister of National Defence in saying that the preamble has no effect. According to the wording he gave us the other night, it reads:

> Whereas there are within the United States military, naval or air forces of the United States and Canada, co-belligerents . . . Now, therefore, I, Franklin D. Roosevelt . . .

And so on. It seems to me that the proclamation itself is contingent upon the conditions set out in the preamble, one of which is that the United Kingdom and Canada are co-belligerents with the United States. This is one of the reasons I think this bill should have gone to the committee, so that we could get this matter clear. I am still not satisfied that the provisions of this more or less ancillary act—I recognize that it is an act to implement the jurisdiction of service courts—still apply and will continue to apply in the United States after the war is over in the same way that our bill, No. 253, will apply, whether or not we are co-belligerents.

There is one other question I should like to ask, and it is this. Are other nations apart from the United Kingdom and Canada, though not entitled to the benefits of this act to implement the jurisdiction of service courts, accorded by the United States the privileges the minister has said are covered by the law of nations?

Mr. ST. LAURENT: In 1943 we were told, and our legal experts were convinced, that that was the case; that under the decision of the supreme court of the United States, whenever with the consent of the administration of the United States forces of a foreign power were present within the territory of the United States, their sovereign could exercise over them the powers he could exercise under his own laws; that it was not something dependent upon a proclamation or anything else, but was in consequence of a decision of Chief Justice Marshall that had been recognized by all legal authorities as the common law of the United States.

Mr. GREEN: Then are we to understand that the contention made by the government that there is a reciprocal arrangement in the United States amounts to this; that by the United States interpretation of international law any visiting friendly troops are subject to the jurisdiction of their own officers, but that it is impossible really to carry out that jurisdiction in full without some ancillary law giving power to call United States citizens as witnesses and, I presume, other rights; and that then, during the war, the United States passed an act to enable them to give visiting forces such ancillary rights. I have had some difficulty this afternoon in getting from the

library the law and the proclamation, I presume because the Minister of National Defence has them. I should like very much to see them, if he still has them—

Mr. CLAXTON: No; this is the copy of the judge advocate general.

Mr. GREEN: —because the other night the minister did not read the whole proclamation. He read only one of the recitals, which was as follows:

Whereas there are—

I would point that out to the minister as meaning then, at the time the proclamation was passed, which was in 1944.

Whereas there are within the United States military, naval or air forces of the United Kingdom and Canada, co-belligerents.

The whole basis of the proclamation is the fact that then, during the war, there were in the United States co-belligerents. All we have today to prove that there is a reciprocal arrangement is the interpretation placed upon that proclamation by the Minister of National Defence. He may be interpreting the United States law correctly, or he may not; but I submit that point should be cleared up and the government should know exactly the rights of Canadian forces in the United States now, during peace time. I suggest that it is not sufficient for the Minister of National Defence to produce a wartime proclamation, which obviously refers only to co-belligerents, and say, because there is such a proclamation, therefore we have reciprocal rights in the United States. This is an important feature in the whole consideration, because I am sure the Canadian people will insist, and rightly so, that their troops be given exactly the same rights in the United States that United States troops are to have in Canada. Certainly the government has not yet made it clear that now, in peace time, Canadian forces in the United States are to have exactly the same rights as we are giving United States forces in Canada under the bill now being considered.

Mr. CLAXTON: Surely the hon. member should give members of the government and members of the armed forces dealing with this matter credit for taking the same serious view about the necessity for our having reciprocal rights.

Mr. GREEN: It is not a matter of giving any one credit; it is just a matter of finding out the facts.

Mr. CLAXTON: The facts are as I have stated. The statement is there, and it is perfectly clear that it is not a statute which is in force only for the duration of the war. It is not limited in its application to co-belligerents; it is a general statute giving the President power, and the President exercised that power in 1944 in general and unrestricted terms. Since then, the statute and the authority have been used. The Secretary of State for External Affairs, who has some reputation as a lawyer, assures me that there is no doubt whatever on this point, that there is no room for questioning it.

Mr. GREEN: He has not said so.

Mr. CLAXTON: Further, my hon. friend must realize that this legislation would not be sought unless it was found desirable in the interests of both countries. In the course of preparing it we secured full information on the state of the United States law as well as full particulars from the representatives of the United States government, and they were directly along the lines I have indicated. There is no room for doubt on this. Certainly if it ever turns out that the way in which the law is interpreted or applied prevents us from having in the United States exactly the same reciprocal treatment as we give to United States troops in Canada, then we would soon terminate that situation unless that condition was rectified.

Mr. ST. LAURENT: The hon. member had not before him the terms of the statute. The terms of the statute are that if the President finds that the application of the act to the forces of a foreign power is necessary for the maintenance of discipline he may so declare, and the President may at any time revoke such finding and declaration. He has so declared in formal terms and it has not been revoked. We were told that it is fully operative and we believe that it is fully operative and that nothing further is required. I know from my participation in the negotiations that if anything further were felt to be required it would be forthcoming at once.

Mr. PROBE: Is the minister or the government perfectly satisfied that there is such a reciprocal arrangement at the present time?

Mr. ST. LAURENT: Unqualifiedly, yes.

Mr. PROBE: By this bill we are proposing to give the United States military authorities certain privileges with respect to the exercise of discipline over such troops as they may have in Canada. I propose to ask the minister a question which he may or may not care to answer. I believe that it should be asked and that some definite statement should be made with respect to it. This committee should be informed as to how many United States troops are in this country at the present time. We should

know what they are doing in Canada and what their disposition is, that is to say, in what parts of the country they are at the present time. I say that because the government saw fit to oppose the consideration of this bill by the committee on external affairs which could have had sittings in camera or elsewhere as necessary, and where we could have had the fullest questioning of the chief of staff. Would the minister comment on those three questions?

Mr. ST. LAURENT: I do not think it is quite fair of the hon. member to say that the government opposed referring the bill to the committee on external affairs. The government had no feeling at all in the matter; it simply took the sentiment of the house upon that question.

Mr. PROBE: You guided it somewhat.

The DEPUTY CHAIRMAN: Order.

Mr. PROBE: I am sorry; I withdraw that.

Mr. ST. LAURENT: As a matter of fact, what took place appears on the record, and I trust the hon. member will realize that I was only seeking to get in good faith an expression of opinion as to whether the house wanted the bill considered here or in committee. With respect to the other questions, there is a certain group—I can mention this because it has been commented upon and the public here and everywhere know about it—of United States soldiers who are at Churchill engaged with ours in the testing of material under winter conditions. They are less numerous than our own personnel. It is by design and arrangement that they are kept less numerous than our own. That is the way in which the policy is being carried out.

There are a few others at other places, but I would not feel at liberty to disclose that information without conferring with the chief of staff and ascertaining whether it would be proper to do so. The hon. member may be assured that the most important thing that has been done so far is this Churchill exercise. There the situation is that they are less numerous than our own and that is by arrangement. That stipulation was made and it has been observed. That is the policy. All told, there are very few and nothing which could in any way be regarded as a departure from the joint statement made on February 12, 1947.

Mr. PROBE: I have before me the statement made by the Prime Minister on February 12, 1947, and I should like to quote from page 347 of *Hansard* as follows:

> As the government views it, our primary objective should be to expand our knowledge of the north and of the conditions necessary for life and work there with the object of developing its resources.
>
> Canada's northern programme is thus primarily a civilian one to which contributions are made by the armed forces.

A statement such as that is absolutely innocuous with respect to military intentions or with respect to making neighbours in this world of ours suspicious as to our intent. However, when we combine it with the fact that a moment ago the minister referred to the term "co-belligerents", which appears also in the preamble to the United States bill which was quoted and with the fact that he would not give information to this committee without consulting the chief of the Canadian staff, it seems to me that there is an unnecessary amount of hush, hush, about this thing if the Prime Minister's words of February 12 are still valid.

The DEPUTY CHAIRMAN: I think the hon. member is once more discussing the principle of this bill. The principle was decided upon after a long discussion, and what we are dealing with now is section 1 which reads:

> This act may be cited as the Visiting Forces (United States of America) Act.

If there is any objection to that title it would be in order to advance it, but if there is no objection the title should be carried and we could then pass on to other sections which deal with this situation. Hon. members should bring up their points under the different clauses where it would be in order for them to do so.

Mr. GREEN: Might I ask the minister to clear up two points? The first has to do with the control of the activities of the United States troops who are in Canada. The Secretary of State for External Affairs said something about that when he was closing the debate. I point out to him that the Prime Minister's statement with regard to the training of British pilots read as follows—

The DEPUTY CHAIRMAN: Order. Would the hon. member bring that point up under some other clause where it would be proper to do so? I do not want to call one hon. member to order and then permit another hon. member to carry on the same kind of discussion on this clause.

Mr. ST. LAURENT: May I submit, Mr. Chairman, that it will not be proper to bring it up under any clause. This is not a bill to declare that the policy enunciated by the Prime Minister in 1938 was the proper policy. This is a bill to provide for the future, and I do not think there is in this bill any clause

where it would be proper to have a political discussion as to whether what took place in 1938 should have taken place then or not.

Mr. GREEN: May I speak to the point of order, Mr. Chairman?

The DEPUTY CHAIRMAN: Just a moment, if you please. I want to present this to the committee as fairly as I can, and I think the committee will agree with me when I make this presentation. On the second reading of the bill, all the debate that can take place on the principle of the bill should take place then. But once the house has decided the principle of the bill and has sent the bill to a committee of the house, the principle is not to be discussed in the committee at all. The committee deals simply with the clauses, and the rule is clear that remarks in committee must be strictly relevant to the clause under consideration. I do not think that, under the rules, we can now start a discussion of the principle of the bill. That has already been decided, whether for good or bad. The clause before us is a very simple one dealing with the title, whether the title is right or wrong, and nothing else. If there is no objection to the title we should carry the clause. I am sure that hon. members will appreciate the position which the Chair must take and that we shall make better progress by abiding by the rule.

Mr. GREEN: Mr. Chairman, I was not proposing to discuss the principle of the bill at all. I am asking certain questions having to do with the terms of the bill. I would point out that for many years it has been the practice in this house to allow wide latitude for questions on the first clause of a bill. I have no objection to asking my questions under other clauses, but I certainly do not want to be taken as admitting that, in considering clause 1, we must be confined to discussing only the actual wording of the title. That is not the rule which binds this house.

The DEPUTY CHAIRMAN: During the war, considerable latitude was allowed on the first clause of bills, but there is no rule which allows a general discussion on the first clause of a bill. If there is anything in the rules which permits a discussion of the principle or a general discussion of the bill on the first clause I should appreciate it if my hon. friend would tell me what that rule is. I want to be absolutely fair while I am in this Chair.

Mr. GREEN: On that point, Mr. Chairman, I have been here since 1936, and that was long before the war. The rule was followed then of allowing questions on the first clause of the bill, and there was never any suggestion that I have heard by any chairman that the rule applied only during the war. That is a new use to be made of the war. However, I am quite willing to ask my questions on other clauses of the bill.

The DEPUTY CHAIRMAN: I want to be fair with my hon. friend and fair with everybody. Will he be kind enough to refer me to the rule which permits a general discussion on the first clause of a bill?

Mr. GREEN: It is not my duty to teach the Chairman the rules.

Section 1 agreed to.

On section 2—Definitions.

Mr. GREEN: Under section 2 (e) there is this provision:

> "United States force" means any body, contingent or detachment of the military, naval or air forces of the United States of America that with the consent of the government of Canada, is lawfully present in Canada or on board any of His Majesty's Canadian ships or aircraft.

To deal particularly with the words "with the consent of the government of Canada," it seems clear from the explanations given thus far that, in practice, consent is given in this way, that the general staff decide what troops are invited to come to Canada, although the Prime Minister did say that the decisions of the department are reported by the minister. He was very indefinite about it. He more or less left the suggestion that the cabinet would hear about it.

I submit to the committee that this question of the giving of consent to foreign troops to come to Canada is a matter about which there should be no uncertainty. We should have legislation providing for the way in which consent is to be given and under what conditions it is to be given. It is entirely too slipshod to leave it to the general staff. In my own opinion, it should not even be left to the cabinet without parliamentary sanction. There should be broad-based legislation by parliament for the giving of this consent, and I urge upon the government most strongly that they give consideration to bringing in legislation defining under just what conditions consent is to be given and how it is to be given. I think the Canadian people and the Canadian parliament are entitled to have some such provision written into our laws. There can be no objection to that from friendly foreign countries, and we would then know exactly where we were going and what to expect. I realize, of course, that this is a new situation but there will always be new

situations cropping up that have to be met by legislation. This is, I think, a typical example of a problem that has arisen which should be met by some definite legislation. I would ask for the views of the ministers concerned with regard to that suggestion. It involves, of course, both ministers, the Secretary of State for External Affairs and the Minister of National Defence, and I should like to have their reaction to this suggestion. It is made in good faith, without any attempt at making political capital. I think the subject is a serious one and one which should be dealt with by legislation.

Mr. CLAXTON: The hon. member for Vancouver South no doubt in good faith referred to the terms on which United States officers or men may come to Canada as described by the Prime Minister and the Secretary of State for External Affairs earlier today in a way which I think *Hansard* will not support. The situation was fairly stated by the Secretary of State for External Affairs and by the Prime Minister. The situation is not as the hon. member for Vancouver South would have us believe. The general staff has full control over who will be invited and who will not. The situation is as described by the Prime Minister; that is, the policy is decided upon by the cabinet on a report from the Minister of National Defence or the defence committee of the cabinet. Then that policy is implemented within the power delegated to him by the appropriate minister and the appropriate military authority.

The major project on which there are Canadian officers and men associated with United States officers and men, and vice versa, working together in Canada is the project to which the Secretary of State for External Affairs has just referred, namely the testing establishment at Churchill. That was specifically authorized by the cabinet, and the various changes in the possible size of the forces that might be there—and they are very small, as the minister has said—have come before the cabinet. But the cabinet does not say, we shall have three captains and two lieutenants and their name shall be John Brown, et cetera. That kind of arrangement and the carrying out of details, are done by the appropriate military officers. I can tell the committee that in the case of every other project so far undertaken in cooperation with the United States, either in the United States or in Canada, there has been full cabinet approval in advance. Then, when that approval has been given it is for the appropriate military, naval or air authorities, within the terms delegated to them, to carry them out. It could not work in any other way.

Mr. CHURCH: Paragraph (e) says:

> "United States force" means any body, contingent or detachment of the military, naval or air forces of the United States of America that, with the consent of the government of Canada, is lawfully present in Canada or on board any of His Majesty's Canadian ships or aircraft.

To my knowledge, we have had that on the great lakes since 1925. We recently had a great disaster on the upper lakes where a large number of sailors lost their lives. We have had these disasters take place in the chairman's constituency, and others in the constituencies of the maritimes. It has happened on lake Huron, the Georgian bay and on lake Superior. What happened in the recent disaster? Our sailors had to wait until a United States life-saving coast guard cutter came along and picked them up. That is Canadian nationality. Our brave sailors on the great lakes had no chance of having their lives saved except by a United States life-saving station.

Mr. CLAXTON: That is the kind of cooperation we hope to see between the Dominion of Canada and other nations. Canadian airmen, Canadian soldiers and Canadian seamen have helped United States citizens when the circumstances were reversed.

Mr. CHURCH: I have the facts and evidence of the inquiries which took place, and it is exactly what I have stated. Look up the facts in the last disaster.

Mr. PROBE: The Minister of National Defence has assured us that the government carefully delineates our policy with respect to the activities of foreign troops in this country, and that then the details are worked out by the appropriate staff officers and military personnel. With government control of policy, there should be no quarrel. We wish to avoid the unfortunate experience of many countries in the past where military cliques secured control, first of all, of the activities of a defensive nature and from there expanding into the political and economic field. Because of that, it seems to me that in peace time the minister, whether of external affairs or of national defence, and the government have a responsibility to the people of Canada whereby, not just the government, but others should be kept informed as to the exact picture with respect to military activities in the country.

I do not want the information for myself as a citizen, but I want it for responsible citizens of various cross-sections of public

opinion so that there is not a possibility of an autocratic group, a super clique gaining control under any circumstances. While the Secretary of State for External Affairs has not said very much with respect to our agreement with the united nations, it would seem to me that, as well as keeping us informed in Canada, to allay international suspicions and feelings, we should be told to what extent the operations that we undertake here in a military way are the subject of consent by or information to the united nations. Perhaps I should put the question in this way: Are all the activities of the Department of National Defence in Canada entirely within the permissive features of the charter of the united nations?

Mr. CLAXTON: Absolutely.

Mr. ST. LAURENT: An unqualified affirmative answer can be given.

Mr. PROBE: We are skirting around the problems. I can understand that the minister desires not to broadcast to the world everything he has in his pocket. That is quite proper, but others may feel—

Mr. ST. LAURENT: I am very glad to put on the record an unqualified affirmative answer to the question as to whether everything we are doing is within both the letter and the spirit of the charter of the united nations. It is.

Mr. PROBE: If the minister can give one further assurance I shall be quite prepared to let the thing go. To what extent is it possible to inform others who may have political views just a little different from those of the minister? Can we not have a committee of this house kept informed of these matters to the extent that it would be proper to do so? It seems to me that everything we do in this country that involves the welfare of Canadian people should be either open and aboveboard to the view of all concerned, or at least that an opportunity should be given to people of views other than those of the views of the government to concur or object.

Mr. CLAXTON: I know of no country which gives more information than Canada does; so much so that I think we go too far in that respect.

Mr. PROBE: We have not had much, then.

Mr. CLAXTON: What is more, I can say that we shall be prepared to give all information with regard to military matters to other countries, provided that it is done under adequate safeguards to ensure complete reciprocity. There are some matters with respect to which hon. members and others would not wish us to go that far.

[Mr. Probe.]

Section agreed to.

On section 3—Discipline and internal administration of United States force.

Mr. GREEN: This is the section which gives the power to the United States service courts. I would point out that the side-note reads:

Discipline and internal administration of United States force.

But there is no such restriction in the section itself. Section 3 of the Visiting Forces (British Commonwealth) Act, 1933, contains these words:

. . . to exercise within Canada in relation to members of such force in matters concerning discipline and in matters concerning the internal administration of such force, all such powers as are conferred upon them by the law of that part of the commonwealth.

Why is that provision not also included in the present bill.

Mr. ST. LAURENT: In the original draft bill, that proviso was mentioned. It was discussed with the representatives of our good friends, and they said that it was meaningless in fact and might be embarrassing. They said, "All we want to exercise is such powers as are given us by our law and over members of our forces; and it has to do, we think, with discipline and administration. But we do not want to have questions arise about it." We said, "What we mean is that we want to have it left to our courts if anyone says he is not a member of your forces and subject to your laws. We want him to have recourse to our courts so as to determine that question. And if he is a member of your force—then, all right; we do not concern ourselves as to what you can do to him under your laws."

Mr. GREEN: It really gives the United States commander much wider powers than would be given an Australian commander, does it not?

Mr. ST. LAURENT: No, I think not. But they say, "We do not want to have to establish that what rights are given by United States law to United States commanders are comprised within the description of discipline and administration."

Mr. GREEN: Then is not the side-note wrong?

Mr. ST. LAURENT: The side-note might have been changed. All we were asked was to take these words out of the section as being

something which might give rise to an attempt to restrain its application. We said, "What we are concerned about is that we want to be sure that you are not going to apply any of your laws to anyone who, according to the decisions of our courts, would not be amenable to your laws."

Mr. GREEN: Then I should like to know also in what manner there is Canadian control over United States troops. That, I think, comes under this section. It was for the purpose of asking this question that I quoted from the Prime Minister's statemnt of July 1, 1938, which upset the Secretary of State for External Affairs so much only a few minutes ago. The Prime Minister then said that British pilots coming to Canada would train in our own establishments, controlled by our own Minister of National Defence, who is responsible to this parliament. The Secretary of State for External Affairs said this afternoon that United States troops coming here would really come only for training.

Mr. CLAXTON: No.

Mr. ST. LAURENT: I explained that if training were to cover everything covered in the statement, that would be right. But what is covered in the statement is described in language which may not be mere training; it is not the word "training" which is used. It may be covered by what the hon. member has in mind when he uses the word "training". But this testing of materials is not really the training of individuals. I would understand that "training" would be something to increase the military skill or prowess of the individual so trained. But that is not what is being done.

Mr. GREEN: In my questions this afternoon I distinguished between "training" and "establishing posts". I asked the minister whether the Americans would be establishing posts here, and I understood him to say—

Mr. ST. LAURENT: Not under the present arrangement.

Mr. GREEN: —that what they were going to do would come rather under the heading of "training."

Mr. ST. LAURENT: Yes.

Mr. GREEN: That, of course, brings them under the Prime Minister's statement of July 1, 1938, which was that British pilots would have to train under our own establishments, controlled by our own Minister of National Defence. I understand, further, that the arrangements with the Americans are to be similar. Is that so?

Mr. CLAXTON: Yes.

Mr. GREEN: If so, in what manner is the Department of National Defence to control these United States forces?

Mr. CLAXTON: In exactly the same way as control is exercised in respect of Canadian forces. That is not through power of command; that comes down through another chain, but through the direction regarding the operation of any testing establishment, or things of such nature as may be set up. All those will be Canadian.

First of all, the man in charge will be a Canadian, under this arrangement as announced by the Prime Minister on February 12. The man in charge of each establishment will be Canadian. Instructions given to him will be given pursuant to policy which I as Minister of National Defence, interpret from the cabinet to the military authorities.

Mr. GREEN: How are we to work out these provisions whereby they shall be trained in our own establishments?

Mr. ST. LAURENT: They are our establishments. They are establishments under our flag. The man at the head of the establishment, and responsible to us for everything that occurs in the establishment, is a Canadian officer.

Mr. GREEN: I think it is really a question of a technical nature which the Minister of National Defence should answer, the question as to how they are being trained in our establishments.

Mr. CLAXTON: I do not see the hon. member's difficulty at all.

Mr. GREEN: Obviously the intention in 1938 was that they would come into Canadian establishments. Is that the intention with regard to the United States troops; and, if so, how is that to be done?

Mr. CLAXTON: In exactly the same way as if they were Canadian troops coming in for the purpose, of course, that is the intention.

Mr. PROBE: Section 3 states, in part, that the service courts and service authorities of the United States of America may exercise within Canada or on board any such ship or aircraft in relation to members of that force all such powers as are conferred upon them by the law of the United States of America. It seems to me that that provision has elements of uncertainty in it, owing to the fact that at the present time the law of the United States with respect to service courts and service personnel may be sufficiently similar to our own that, under certain conditions, the Minister of National Defence is prepared to

accept it. Supposing, however, that we pass this section and that, a year from now, the United States made a drastic change with respect to the powers of service courts for service personnel not envisaged at the present time.

It seems to me we have not here a safeguard to provide for the contingency of a law being passed by another foreign power which might be repugnant to ourselves. Is there any difficulty in that regard?

Mr. ST. LAURENT: I do not see why we should be concerned, so long as we make sure that their law is applied only to members of their force, and that we do not leave it to them to say who are members of their force. If we say that no one in Canada shall be treated as a member of their force unless, if he objects, a Canadian court says, "You are a member of their force and you are subject to their law", it seems to me it is not really our concern to say, "Well, now, before you apply your law to a member of your force we would like to be satisfied that it is good law."

Mr. PROBE: Assuming there is a penalty for striking an officer and that a man is to be shot for it—and we will assume that as an extreme case—

Mr. ST. LAURENT: I could not assume that as something ordered by the laws of our friends to the south.

Mr. PROBE: No, of course not. I cannot either. But we are not protecting ourselves in that regard.

Mr. HARKNESS: I should like a little bit of clarification as to exactly what these powers are. I ask these questions really because I have run into quite a bit of discussion around the corridors and in private conversation with members who were far from clear as to the exact meaning of this section and the next one. Perhaps the thing could be made clearer by example than in any other way. As I understand the matter, if a United States soldier goes absent without leave or deserts, in that case discipline is entirely in the hands of the United States army officer under whose command that man comes. We will say that the United States soldier is alleged to have murdered a Canadian citizen. In that case who has jurisdiction? In other words, where is the United States soldier to be tried? Is he to be tried in his own United States court or in one of our civil courts?

Mr. CLAXTON: Under this law, it would be possible for him to be tried under his own military court, but that would not exclude the jurisdiction of our courts. Even if he were tried and acquitted under the United States military court, he could still be tried, sentenced and the sentence carried out under the jurisdiction of our courts. This does not exclude in any way the operation of our courts; and in an offence as serious as suggested by the hon. member, there is no doubt that the man would be tried in our courts.

Mr. HARKNESS: Would the same rule apply to an American who was accused of theft from a Canadian citizen, we will say?

Mr. CLAXTON: Yes.

Mr. HARKNESS: Then, if a United States soldier is involved in an automobile accident and does damage to a Canadian citizen's car and person, where is the jurisdiction?

Mr. CLAXTON: He would still be civilly and criminally liable under our laws before the Canadian courts.

Mr. HARKNESS: Suppose he is really breaking one of our highway rules. Is he to be prosecuted in our court and then subsequently be liable to a civil action by the Canadian citizen?

Mr. CLAXTON: Absolutely.

Mr. HARKNESS: Or is he to be dealt with in the United States court as far as the highway violation is concerned?

Mr. CLAXTON: No. The Canadian courts would have jurisdiction.

Mr. HARKNESS: In that case, it would be entire jurisdiction, would it?

Mr. ST. LAURENT: If they choose to exercise it.

Mr. CLAXTON: If the Canadian courts choose to exercise it, they would have jurisdiction. But that would not prevent the United States service court from, in addition, exercising its jurisdiction if a military offence under military law had also been committed during the same set of circumstances.

Mr. HARKNESS: Take the case of a crime which is entirely within one United States detachment. Suppose one United States soldier murders another one. Is that something that will be left entirely to the United States army court to deal with, or would our courts step into the picture?

Mr. CLAXTON: Nothing takes away the jurisdiction of our courts.

Mr. HARKNESS: The presumption is that the case of this man would be left entirely in the hands of the United States military authorities.

Mr. CLAXTON: I would doubt that. That would be a matter for the Minister of Justice at the time or the attorney general of the province to decide. He would have jurisdiction to say what should happen there. I would doubt if the attorney general of the province would leave it to the United States court.

Mr. HARKNESS: In that case it really comes down to the initiative or action of the attorney general of the province. He is free at any time, in any case, to step in if a Canadian law has been broken.

Mr. CLAXTON: The untrammelled jurisdiction of the Canadian courts is not in any way affected by this.

Section agreed to.

On section 4—Jurisdiction of civil courts in Canada not affected.

Mr. JAENICKE: I just wish to follow up what was being discussed a moment ago. Suppose an American commits an offence against the criminal code. Let us say it is a small offence, that he is arrested by his own detachment or by his own officers and tried. Could we then demand the custody of that person in order to try him in our own courts?

Mr. ST. LAURENT: The jurisdiction of our courts has not been interfered with. It was explained to the United States authorities that, except under war conditions, the administration of justice was within the exclusive jurisdiction of the provincial authorities, that we could give their service courts concurrent jurisdiction, but that we did not propose to interfere with the rights to exercise and discharge their responsibility which are held by those who had the responsibility for ordinary administration of justice.

Mr. JAENICKE: That is to say, if the soldier had been detained and tried by a United States service court, and then we wished to take action, we could go and demand to arrest that person?

Mr. ST. LAURENT: Yes.

Mr. JAENICKE: Is there correspondence to that effect between the department and the United States authorities? Is there an understanding in correspondence between the authorities of the United States and ourselves that this can be done?

Mr. ST. LAURENT: The correspondence we have had with them is to this effect: "Here, there are not going to be very many of you here; we do not think you are going to get into trouble very often, but when any of your people do get into trouble we think you will probably treat them in a manner that will satisfy the public opinion of the locality that adequate measures of restraint have been taken. But we will not abandon any jurisdiction of our own courts, and you must expect that if what you do makes the people where the offence takes place feel that our courts should deal with the matter, they will deal with it."

Mr. JAENICKE: Yes, I understand that. I was just referring to the question of actual arrest, as to whether or not we are prevented from doing that if he is lawfully detained by the service court of the United States. I was referring to the actual arrest itself.

Mr. ST. LAURENT: I would not want to pronounce judgment on anything of that kind, but I think the hon. member will agree with me that, without an act, nothing the United States authorities would do would constitute lawful detention.

Mr. JAENICKE: Oh, yes.

Mr. ST. LAURENT: No. Nothing they would do, unless they have authority from the Canadian law to do it, would constitute lawful detention. Here we give them authority, but we say, "Nothing in the authority we give you is going to interfere with the rights of our own people to administer Canadian justice." I think that is as clear as I can make it.

Mr. HARKNESS: It seems to me that we may be running into a legal difficulty here as far as our own service courts are concerned. Any civil—and I use "civil" as opposed to "military"—offence comes under the civil court if there is a competent court of civil jurisdiction in the area. Apparently all our own troops would be tried in civil courts; all troops that were visiting here from Great Britain, Australia, India or anywhere else in the British empire would be tried in our civil courts; but United States troops would be tried in their own courts for what are really civil offences such as theft, murder and so forth. That may result in this situation. A man may be tried in a United States court and perhaps acquitted. But the attorney general of the province lays a charge against him. He is brought up in a civil court. Under our law, as I have always understood it, and particularly as far as the military end of things is concerned in the army act, that man having been tried and acquitted in the United States court, cannot be tried again under our law. In other words, he cannot be tried the second

time. I would think we are likely to run into difficulties in that way. What would be the situation? What is the answer to that?

Mr. ST. LAURENT: Section 4 declares that nothing they are authorized to do will interfere with the ordinary administration by our courts and our officials of our laws, for offences against our laws. We have declared, however, that if we deal with them under our laws for offences against our laws and acquit them, that acquittal will prevail in their service courts; but the reverse is not true.

Mr. HARKNESS: That comes into conflict, though, with the general principle in our law that a man may be tried only once for an offence.

Mr. ST. LAURENT: Yes.

Mr. HARKNESS: Do you think it is a good thing to have that exception to the general rule under our law?

Mr. ST. LAURENT: I think it is. I believe it is necessary for us in Canada to say, "No matter what you do, if one of your people commits an offence against Canadian law, Canadian authorities must have it within their power, if they see fit to do so, to deal with it as they would deal with a Canadian resident." That is particularly true in our country where the administration of justice is the responsibility of the provinces. During the war we could say, "Well, because of the emergency we can override some provisions of provincial jurisdiction"; but during normal times we do not want to attempt to do that. During normal times we think the attorney general of a province, who is responsible to his people for the administration of law and order in that province, should not be restricted by any arrangement we make with the Americans in respect of their forces. So we say to them, "If having done that, we acquit one of your men, you must not try to prosecute him again. But if you acquit a man before we deal with him, in one of your service courts, of course that is no business of ours. We have to deal with him just as if nothing had been done".

Mr. PROBE: It seems to me that a great many of the complexities and jurisdictional disputes which conceivably could take place under this legislation could have been avoided. The Secretary of State for External Affairs has said that these United States troops are few in number and are doing simple business such as the testing of materials, and so on. I believe United States civilians could have come here to perform those duties, without having to wear United States uniforms. They could have carried out those scientific experiments, which apparently is what they are, and as civilians would have been amenable to all Canadian laws without any of these difficulties. What was wrong with that? Or why was not the general practice adopted in the treatment of troops in another country in peace time, under which practice they were first tried in civil courts and then taken to the border and turned over, as extradited criminals might be, to be dealt with by their own governments in their own lands and punished by whatever procedure might be considered fit? Why could that not be done in peace time? That is what is done with a criminal who commits offences in two countries. He is punished first in one place and then turned over to the authorities in the other country. Why could there not be a similar arrangement here?

The DEPUTY CHAIRMAN: Shall the section carry?

Mr. PROBE: No, I want an answer.

Mr. ST. LAURENT: Then, Mr. Chairman, will you please report progress, because the Minister of National Revenue wants to ask leave to introduce some bills.

Progress reported.

INCOME TAX ACT

Hon. J. J. McCANN (Minister of National Revenue) moved for leave to introduce Bill No. 269, to amend the Income War Tax Act.

Motion agreed to and bill read the first time.

EXCESS PROFITS TAX ACT

Hon. J. J. McCANN (Minister of National Revenue) moved for leave to introduce Bill No. 270, to amend the Excess Profits Tax Act, 1940.

Motion agreed to and bill read the first time.

SPECIAL WAR REVENUE TAX

Hon. J. J. McCANN (Minister of National Revenue) moved for leave to introduce Bill No. 271, to amend the Special War Revenue Act, and to change its title to Excise Tax Act.

Motion agreed to and bill read the first time.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

VISITING FORCES

UNITED STATES—DISCIPLINE AND INTERNAL ADMINISTRATION WHEN IN CANADA

The house resumed consideration in committee of Bill No. 253, to make provision with respect to forces of the United States of America when visiting Canada and with respect to the exercise of discipline and to the internal administration of such forces—Mr. St. Laurent—Mr. Golding in the chair.

The DEPUTY CHAIRMAN: When the committee rose just before six o'clock we were considering section 4? Shall the section carry?

Section agreed to.

Section 5 agreed to.

On section 6—Legality of sentence, constitution of court and proceedings.

Mr. JAENICKE: I presume that this section is to cover the case of a United States soldier who has been found guilty by his own service court and is being held in detention and there would be no writ of habeas corpus in our courts. I can envision the case of a United States soldier who may be found guilty of a breach of a regulation which would not constitute a crime in Canada, and then escapes. Under our criminal code anyone who has been sentenced by a court of competent jurisdiction and who is at large in Canada while under term of imprisonment, commits a criminal offence. If a soldier escapes like that would we be bound to help to arrest him where the crime committed is not a crime recognized in Canada?

Mr. ST. LAURENT: I think the hon. member will find the answer to his question in section 7 which reads:

> 7. For the purpose of enabling the service courts and service authorities of the United States of America to exercise more effectively the powers conferred upon them by this act, the Minister of National Defence, if so requested by the officer commanding a United States force or by the government of the United States of America, may from time to time by general or special orders to any home force direct the members thereof to arrest members of the United States force alleged to have been guilty of offences against the law of the United States of America and to hand over any person so arrested to the appropriate authorities of the United States force.

I take it that that is the procedure which would be followed. If they wish to have the assistance of the Canadian authorities they would apply, either through the state department or through the United States officer, to the Canadian government or to the Minister of National Defence and he would, if he saw fit, and should, I suppose, if it were a proper case, give an order to render the assistance necessary.

Section agreed to.

Section 7 agreed to.

On section 8—Temporary detention.

Mr. PROBE: Subsection 1 of this section reads:

> Any member of a United States force, if sentenced by a service court of the United States of America to penal servitude, imprisonment or detention may, under the authority of the Minister of National Defence, given at the request of the officer commanding the United States force, be temporarily detained in custody in a detention barrack in Canada.

Will the minister state whether that will be done at the expense of Canada, or whether expenses in connection with detention will be recoverable from the United States government?

Mr. ST. LAURENT: It would be anticipated that any expense to which Canada was put on behalf of officers of the United States forces would be reimbursed to the Canadian authorities.

Mr. PROBE: Is it contemplated that the United States will have detention barracks in this country?

Mr. ST. LAURENT: That matter has not been gone into and I do not think it would be practicable to express any views upon it. There are only a small number of these men here and there has been no occasion to consider whether or not they should have detention barracks of their own. I would say that there would be no insuperable objection if there were two or three hundred at a place where their military police had a room in which could be temporarily detained members of their forces who had been apprehended. So far the matter has not come up as a practical proposition.

Mr. PROBE: Is the United States government acquiring installations, buildings and so on as they did during war time?

Mr. ST. LAURENT: No; it is understood that they are not to acquire any permanent property. To be quite frank, so far they have been paying us rental for barracks or huts, and there is on foot a project under which they will contribute to the erection of other bar-

racks and pay in advance for a stated period what would be the equivalent of the rental to His Majesty in the right of Canada.

Section agreed to.

On section 9—Certain provisions of criminal code not applicable.

Mr. JAENICKE: I should like to ask the minister whether there is a reciprocal arrangement with the United States. When we were discussing this matter this afternoon it was contended that we have the same rights in the United States as their forces have here. Is there a similar arrangement whereby Canadian troops are exempt from similar provisions of their criminal law as United States troops are to be exempted from the sections of the criminal code set out in this section?

Mr. ST. LAURENT: We are told that that is so in fact. As the hon. member knows, criminal laws in the United States are state laws; they are not something that can be dealt with by the central government. We are told that the proper application of the doctrine accepted by Chief Justice Marshall would be such as to prevent the application of state laws to the parading with arms of members of the forces of a friendly power who were in the country with the consent of the central government.

Mr. PROBE: Section 9(1) provides that certain sections of the criminal code shall not apply to a member of a United States force in Canada acting in the course of his duty, and specifically section 99 of the code is referred to respecting military exercises, movements or evolutions. This provision is not quite on all fours with what the minster said earlier in the day, that the number of troops and their present duties in this country are of such a nature that they are simply testing equipment. It would, therefore, suggest itself to me that there cannot, under the present arrangements, be military movements or exercises of a type that might be construed as drilling. Does the minister foresee such conditions occurring in the future? Is that the reason section 99 of the criminal code is not made applicable to the United States troops, or is this just a general precaution?

Mr. ST. LAURENT: I do not think the numbers I have mentioned would preclude drilling. I remember that a good many years ago when I was a lad there was a company of cavalry in my village and I would be surprised if they numbered more than forty, but they took pretty seriously the drilling to which they subjected themselves and their horses. We used to look upon it as pretty efficient drilling. There will certainly be a sufficient number at the Churchill establishment to make it possible for them to have a parade and to go through movements that would, I think, come within the description of drilling.

Section agreed to.

On section 10—Coming into force.

Mr. POULIOT: I would ask whether a similar bill has been passed by the United States congress?

Mr. ST. LAURENT: Yes, a bill was passed by the congress of the United States in 1944. It is not fully similar to this, because all they had to do there was to make provision by legislation to impose duties upon their own citizens. Their construction of international law as determined by their supreme court was such that they did not find it necessary to adopt a statute to recognize the jurisdiction of officers over men under their command present in the territory of the United States, but they did have to have legislation to impose upon citizens of the United States the duty of rendering assistance to enable officers to exercise in a practical way the jurisdiction they had by international law.

I must make a further qualification. I do not know that there was any provision in the United States statute that it should apply as from a specific date. The reason for making this legislation apply as from the first day of April, 1947, is that we told our friends representing the United States authority that we would get this legislation through at an early day. They felt a bit uneasy since the time the orders in council were repealed, and we said: "If you have done anything in the meantime we will ask parliament to declare that this statute shall be deemed to have come into force on the first day of April, so that there will be no hiatus in your jurisdiction.

Section agreed to.

Bill reported.

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

Mr. ST. LAURENT: Mr. Speaker, I think it is the rule that a bill is given a third reading forthwith if it is reported without amendment.

Mr. MacINNIS: No bill can be given more than one reading the same day without unanimous consent.

Mr. ST. LAURENT: I think my hon. friend is mistaken.

Mr. MacINNIS: I would refer the minister to standing order 73.

Mr. ST. LAURENT: There is a special rule with respect to the third reading of bills, that they can be read a third time immediately if reported from the committee of the whole without amendment. Standing order 77 reads:

All amendments made in committee are reported by the chairman to the house, which shall receive the same forthwith. After report the bill is open to debate and amendment, before it is ordered for a third reading. But when a bill is reported without amendment, it is forthwith ordered to be read a third time at such time as may be appointed by the house.

Mr. MacINNIS: I wonder if the right hon. gentleman would allow me to read standing order 73:

Every bill shall receive three several readings on different days, previously to being passed. On urgent or extraordinary occasions, a bill may be read twice or thrice, or advanced two or more stages in one day.

But a bill to be advanced more than one stage at one time must have the unanimous consent of the house.

Mr. SPEAKER: Since the second reading of the bill was passed this afternoon the minister would require the consent of the house to have the third reading now.

Mr. ST. LAURENT: There is no special reason why it should be taken right now.

Mr. MacINNIS: I might state my objection to having the third reading now. I was not in the house this afternoon when this bill went into committee, but I understand that certain information was sought as to the number of United States troops now in Canada and that that information was refused. When the third reading of the bill is taken I want to have something to say on that point.

UNITED NATIONS

ACCESSION OF CANADA TO CONVENTION ON PRIVILEGES AND IMMUNITIES

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

That it is expedient to introduce a measure to provide for the accession of Canada to the convention on the privileges and immunities of the united nations and to grant to the united nations and any specialized agency of which Canada is a member and which is brought into relationship with the united nations, to their officers and to the representatives of their members, the legal capacity, immunities, facilities and privileges necessary for the accomplishment of the purposes of the united nations and of its specialized agencies.

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

Mr. CHURCH: This is a rather large order. The minister tabled a list of the countries, numbering some twenty-eight, which have agencies here in Ottawa, and ambassadors. You will have to build a new hotel or several houses for them, because they will take up about one-third of the accommodation. A list of the countries which have these privileges and immunities was given to us some time ago. Another list of Canada's expeditionary force, known as ambassadors overseas, has been tabled. It will be found that we have ambassadors in almost every country on the seven seas. The expenses of the department are going up; they are $1,700,000 more than they were last year. When you add that to the $1,500,000 for trade commissioners in the same places it amounts to $3,200,000 extra this year. The report that the minister brought down covers nearly twenty-five pages. It gives a list of the non-commissioned officers and men, the first secretaries, the second secretaries, the third secretaries and all kinds of officials.

I have never been to a meeting of the united nations. I have not much confidence in the whole organization because of what happened at San Francisco and Lake Success. Before they get through, we shall have to call it Lake Failure, but it is nothing but a talking tower of babel.

Look at the people to whom this resolution applies. I am surprised to find the list. Talk about the noble four hundred. I venture to say that if the list is counted the number will come to pretty nearly four hundred; it will reach to several centuries.

The minister says that it is expedient to introduce a measure. I doubt at this time, with all the talk there is going on, whether it is expedient to know more about the organization to which we are granting the rights and privileges for which the ordinary taxpayer will have to pay. The resolution says that it is expedient to introduce a measure to provide for the accession of Canada to the convention on the privileges and immunities of the united nations. There are a lot of these conventions; we are getting them all mixed up. There was a Liberal convention some time ago. I do not know whether they could qualify here or whether they should qualify. They ought to have certain rights and immunities, Mr. Chairman, as well as these other gentlemen who belong to these other countries and

organizations. My hon. friends to the left have a convention sometimes, and my hon. friends farther down the aisle—

Mr. COLDWELL: Not that kind of convention.

Mr. CHURCH: And that includes the hon. member for Temiscouata. He should get certain immunities, rights and privileges which are given to these other organizations.

I know the minister is a hard working man, but the people are becoming very much alarmed at the united nations. Mr. Attlee himself complained the other day and said he was very much disappointed in it the first year. I think he is right.

The resolution goes on to describe other specialized agencies of which Canada is a member, which are "brought into relationship with the united nations, to their officers and to their representatives of their members, the legal capacity" and so forth. Every one of these gentlemen will have an adviser, a legal officer. Why do they belong to the organization if they must have somebody to advise them? There is the first officer, the second officer, the third officer, and all that kind of thing. The resolution continues and mentions the "legal capacity, immunities, facilities and privileges necessary for the accomplishment of the purposes of the united nations and of its specialized agencies." I fail to see why we should have a class like this. We are giving all these officers of the countries which belong to the united nations the rights and privileges of ambassadors and are exempting them from taxation. Many other advantages are given to them. It is becoming privilege and nothing but privilege. Some have relief and some have not.

Mr. ST. LAURENT: I would hope that hon. members would prefer to have the discussion on this matter after they got the bill. The charter of the united nations provides that that organization and its affiliated agencies will enjoy such immunities as are necessary for them to accomplish the purpose for which they are established. Article 105 of the charter to which the houses of the Canadian parliament have acceded, says:

> The general assembly may make recommendations with a view to determining the details of the applications of paragraphs 1 and 2 of this article or may propose conventions to the members of the united nations for this purpose.

The conventions proposed are not gatherings of members of a party; they are agreements setting out what the privileges and immunities are to be. I am sure it will be the wish of all members that the Canadian parliament give consideration to the matter. The convention has been prepared. All that this resolution does is to ask leave to introduce a bill to which the convention is annexed, so that the members may give it consideration. There are already a large number of states that have given their adherence to this convention, and I think it would be preferable to reserve the debate that we shall have on the propriety of acceding to the convention to the time when the bill is introduced and the convention placed before members of parliament, and they are in a position to discuss it in an appropriate manner.

All that we are asking at the present time is that we have leave to introduce a bill to which the convention will be attached, so that members of parliament can consider it and decide whether or not they want Canada to accept it as other members of the united nations have done.

The DEPUTY CHAIRMAN: Shall the resolution carry?

Mr. POULIOT: No. Mr. Chairman, I look at the front row of the gallery right in front of you. It is reserved for diplomats, people who are mentioned, whose immunities are mentioned here.

Mr. ST. LAURENT: My hon. friend is under a misapprehension. This does not have to do with the diplomatic service at all; this has to do with the united nations and the organizations affiliated with the united nations. It has nothing whatsoever to do with the immunities of diplomatic representatives of states in Canada. If the hon. member will wait until he gets the convention he will then probably have something to say and we shall be glad to have his views on the merits or otherwise of the convention; but I think he would interest us to a greater extent if he waited until he had the convention to give us his comments upon it. It is not at all a matter with respect to immunities of diplomatic representatives in this country.

Mr. POULIOT: I thank the right hon. gentleman for his explanation, but I will remind him of something. Canada is the only country in the world where those who are not diplomats are given the status of diplomats, if not formally, at least informally to a certain extent. Canada is the only country in the world where consuls have semi-official rank as diplomats. I already asked a gentleman who was at one time a secretary of state, Mr. McLarty, and he did not say that consuls, and commercial attaches such as high commissioners, and so on, had official rank and precedence. But they are given it. And of course, high commissioners are only trade agents

The DEPUTY CHAIRMAN: Order. I wonder how the hon. member relates his discussion to this resolution?

Mr. POULIOT: With all due respect, Mr. Chairman, I do not know why you call me to order, because neither you nor I have the paper which the right hon. gentleman mentioned. He told me: "When you see the paper you will have a different view about it." But I have the resolution, without the white paper.

My comments are simply to give the government an opportunity to draft a good bill, if the thing can be done. I do not believe in this business at all, but it seems to me that we should have all the papers available before beginning to discuss a matter of this kind. And if I do not have them and you do not have them, Mr. Chairman, how can you blame me for talking widely and broadly—

Mr. MacNICOL: And wisely.

Mr. POULIOT: Thank you. What I want to say about the matter is that I am warning the government, so that in drafting the bill they will not make the same error as was made in connection with lists of precedence, when ordinary commercial agents such as high commissioners, consuls and vice-consuls—and all those small fry—were considered as diplomats.

In the old countries, where diplomacy requires a special training, there is a line of demarcation between commercial agents, consuls and high commissioners, and diplomats. It would be a faux pas for commercial agents, consuls or high commissioners to jump across the line and to pose as diplomats. The reason is obvious. For a long time we did not have ambassadors; we had only consuls. And since we did not have ambassadors we gave the consuls and other commercial attaches the same rank as ambassadors had in other countries.

The DEPUTY CHAIRMAN: Order. I would call the hon. member's attention to the fact that he is not discussing the resolution before the committee.

Mr. BLACKMORE: Mr. Chairman, would you speak loudly enough for us to hear. This is an exceedingly important matter, and we cannot hear anything that is going on.

Mr. CHURCH: Mr. Chairman, these immunities—

The DEPUTY CHAIRMAN: Order. I think if hon. members would try to keep order themselves they would hear what I am trying to say. It is not possible to make oneself heard when so many others are trying to talk at the same time. I have just called the hon. member's attention to the fact that what he was saying had no relation to the resolution before the committee.

Mr. CHURCH: With respect to these immunities, they have in the united nations organization certain officers. There are certain rules and regulations which apply to them. They enjoy many immunities, including those in respect of taxation, and all that kind of thing. When I look at the minister's book I am surprised when I see the list of alternate officers, and others. Provincial laws do not apply to these people; not even federal laws. They have all the privileges and powers of consuls and ambassadors abroad.

Mr. COLDWELL: It seems to me that there is a complete misunderstanding of this resolution. It is not a resolution which deals in any particular with ambassadors, consuls or others, but one which deals with delegates going to and from united nations meetings who were granted certain courtesies within countries through which they passed, together with their baggage and papers, and things of that description. This also applied to the secretaries and staff accompanying them. For instance, if an international labour organization conference is held in Canada, we will say, the delegates are granted temporary immunities and the usual courtesies extended to persons who take part in conferences of that description.

I agree with the Secretary of State for External Affairs that the debate should take place on the bill. I would suggest that we ought not to spend time in discussing something which is not involved in the bill, and thus spend it wastefully.

Mr. POULIOT: I agree perfectly with the hon. member, but with this difference, that he believes in that stuff, and I do not. That is the only difference between him and me. Very often the hon. member says he is a democrat. He is for the bill of rights, and all that stuff—for the common man, the man on the street. So am I. But I do not see why we give privileges to all these clerks and bureaucrats who are filling the space on our railways, aeroplanes, coaches and buses, when we do not extend the same immunities to every Canadian citizen.

I believe that all Canadian citizens, especially those who have certificates of citizenship, are entitled to the same immunities as all those men who belong to the united nations. Therefore, as a democrat, and a man who is more democratic than the leader of the

C.C.F. I want every Canadian citizen, man, woman and child, to have the same immunities and privileges as are given to all those bureaucrats who represent nations at the united nations meetings.

Mr. CHURCH: Making them all an aristocracy.

Mr. POULIOT: Yes, and if we accept this kind of proposal there will be no room for our own people to travel. Our children will be unable to go away during the summer months, after an arduous year of study. And the railways will not belong to Canadians any more. They will be used by a long line of bureaucrats representing the peoples of other countries. They will be more numerous than the stars in the sky and the sands of the sea. Every country in the world will be represented.

Mr. MITCHELL: I think we have listened to enough in the last two or three days—people who are experts at everything and masters of nothing. For goodness sake, let us keep within the rules of the house and try to get home by Christmas.

The DEPUTY CHAIRMAN: Order.

Mr. MITCHELL: And I am not referring to any hon. member in particular.

The DEPUTY CHAIRMAN: Order.

Mr. POULIOT: Mr. Chairman, I submit that there was nothing in what was said by the Minister of Labour. He is one of those who are strong for—

The DEPUTY CHAIRMAN: I must ask the hon. member again, if he is going to discuss the resolution, to discuss it. That is the only thing before the committee. Shall the resolution carry?

Mr. POULIOT: Well, sir, you know that I have the greatest respect for you; and I think what the Minister of Labour has just done is no more parliamentary than the appearance yesterday of his colleague in kilts. I will tell you, sir, that one is not out of order by showing the absurdity of a proposition. As a member of parliament, I think the thing has gone far enough. At the present time the people who represent such organizations as the international labour organization, for which the Minister of Labour is so strong, and the united nations organization, are taking the whole place in this country and there is no more room for the Canadian citizen.

Some hon. MEMBERS: Order.

[Mr. Pouliot.]

Mr. POULIOT: I am perfectly in order in saying that. I have just as much right to disapprove this kind of legislation as anyone has to approve it.

The DEPUTY CHAIRMAN: Order. The hon. member is not in order in discussing any matters other than this resolution. If the hon. member is going to speak at all, I should like him to discuss the resolution and nothing else.

Mr. POULIOT: I am not discussing anything else, Mr. Chairman. The only thing is that I brought out a point of comparison with an organization which is so dear to the heart of the Minister of Labour. Now let us consider this thing. What is it? I wonder how many members have read it.

Mr. BLACKMORE: Nobody.

Mr. POULIOT: It begins in this way:

> That it is expedient to introduce a measure to provide for the accession of Canada to the convention on the privileges and immunities of the united nations . . .

That is a convention which I cannot discuss because I do not have it before me, and I should have it before the resolution is submitted to the house. We should not have to wait until the bill is before the house in order to discuss the resolution, because the purpose of the resolution is to afford members of parliament an opportunity to make useful suggestions for the drafting of the bill.

Mr. BLACKMORE: And to learn what they are doing.

Mr. POULIOT: Thank you. The drafting of the bill is supposed to be done after the resolution is passed and not before; and those who draft the bill are supposed to take notice of suggestions made by members of parliament, and to maintain in the bill the wording of the resolution or to change it according to the expressed wish of the members.

Mr. CHURCH: We are becoming a nation of ambassadors.

Mr. POULIOT: The resolution speaks of the convention on the privileges and immunities of the united nations. Immunity! If "immunity" is the right word, it is useless to prepare ourselves for defence against attack because this country will be immune against aggression. What is immunity? Again we do not know. We are asked to vote blindly, Mr. Chairman. Never in my life have I done that.

The DEPUTY CHAIRMAN. Order. The hon. member has repeatedly stated that he does not know what he is talking about. The minister has suggested that we pass this resolu-

tion, and then the hon. member will have the bill before him and will know what he is talking about. In order to save the time of the committee, I would suggest that we do that.

Mr. POULIOT: Quite so, Mr. Chairman; but I do not know what is behind this. No one can blame me for not knowing what it is, because I am just reading it.

Mr. MUTCH: It would be all right if the hon. member did not talk about it.

Mr. POULIOT: Let the hon. member for Winnipeg South put on his kilts, and it will be all right.

The resolution continues:

. . . and to grant to the united nations and any specialized agency of which Canada is a member—

It is formidable when you note that. It is not only the representatives of other nations. It is all the other agencies of all the other nations. I will read it again so that everybody will know what it is about:

—and any specialized agency of which Canada is a member and which is brought into relationship with the united nations—

We do not have the bill. We should have it. If I complain that our information is not complete, it will be enough to show that this debate should have taken place later after every hon. member had been provided with full information about the matter. I do not speak of what I know. I complain that I do not know enough, and that if hon. members were well informed about it, no one would be in favour of this legislation. The resolution continues:

—to their officers and to the representatives of their members, the legal capacity—

Imagine that!

—immunities, facilities and privileges—

There are four things, namely, legal capacity, immunities, facilities and privileges.

—for the accomplishment of the purposes of the united nations—

And not only the united nations.

—and of its specialized agencies.

Who are they? We do not know.

Mr. KNOWLES: Yes, we do.

Mr. POULIOT: I hope my hon. friend will be kind enough to give me a list of those specialized agencies and figure out the number of people involved, who will take so much space on the railways when the railways complain that they have not enough cars for transportation purposes. I do not wish to be unpleasant; but the other day when it was stated, in a discussion about a similar matter, that we should have to adopt the suggestions required by the secretariat of the united nations, I found it pretty hard to digest. Some members of parliament now take the view that this is just a matter of course, that it is just a matter of routine. That is their view, and they have a right to have that view. But especially after a committee has been set up with respect to human rights in conformity with the suggestion made by the united nations, I think a member of parliament has the right to express his views and to ask questions about matters of this kind.

Very often I have complained about legislation which was railroaded through and passed blindly by some hon. members who paid no attention to it. This is a serious matter. It is not only a question of routine. If it is ridiculous, it can also be dangerous. Yet some members are anxious to pass it. They are ready to accept everything that comes from the united nations. That is a dangerous state of mind, because there will be governmental irresponsibility in these matters. People whom we do not know, and whom we shall probably never know, will make decisions which we shall be bound to accept and put into law just because of all these pieces of legislation which are swallowed, one after another, by parliament. At the present time we are the witnesses of a wave of irresponsibility. There is irresponsibility everywhere. The attitude which is taken is, I did not do it; it was done by the other fellow. Who is the other fellow? I do not know. It is not in accordance with what has been for centuries the practice of the British parliament. The duty of members is not only to make speeches in the House of Commons but to control expenditures. How shall we be able to control expenditures when we know nothing about the shortcomings of the whole thing that is now being set up? Of course some hon. members—and especially some members of the C.C.F. group—are strong for it. They believe in bureaucracy. Bureaucracy is their god. They believe in bureaucracy and bureaucrats. The more there are, the better it is.

The DEPUTY CHAIRMAN: Order.

Mr. POULIOT: All right, sir.

Mr. CHURCH: I want to call your attention, Mr. Chairman, to the wording of this resolution, which says:

. . . which is brought into relationship with the united nations, to their officers and to the representatives of their members . . .

We are going to give immunity to all these people. I have seen some criticism of this in an English paper called *The Patriot*, and in *Time* magazine. I believe this will be a very large organization. Are we to establish this principle and give all these people certain

privileges and immunities, including immunity from taxation and immunity from other restrictions and responsibilities?

The DEPUTY CHAIRMAN: Shall the resolution carry?

Some hon. MEMBERS: Carried.

Mr. BLACKMORE: No, Mr. Chairman, it is not carried. I should like to say a word concerning the general remarks of the minister, who said we ought to wait until we saw the bill so that we would know what is in it. Before we see the bill, I suppose we shall be called upon to give it second reading; at least we shall have a discussion on second reading, and in the discussion on second reading we shall be limited by the rules of a full-dress debate, which means that it will be impossible to ask questions and elicit information to which we are entitled as members of the House of Commons. I support the contention of the hon. member for Temiscouata that it is our duty, our privilege and our responsibility to find out what is behind this thing. I wish to ask several questions, and until they are answered I am not prepared to agree to the adoption of this resolution. I want to have the minister answer the question of the hon. member for Temiscouata as to just what are these specialized agencies. Surely that is a simple question. If the minister is not prepared to answer it he is not prepared to be open and frank with this house; and if he is not prepared to be frank and open with this house, then this house should see to it that he is, because that is the duty of a minister in a responsible government.

The DEPUTY CHAIRMAN: In answer to the hon. gentleman's question—

Mr. BLACKMORE: I wonder if you would speak loud enough so that we can hear you.

An hon. MEMBER: Be quiet and listen.

Mr. BLACKMORE: I am quiet, and I wish other hon. members would be quiet. Down here it is impossible to hear when hon. members are making such a noise. I want to hear what is going on; that is why I came here.

The DEPUTY CHAIRMAN: In answer to the hon. gentleman's question, the bill will be given second reading, of course, and at that time there will be a full discussion on the principle of the bill. Then it will go to committee, and the hon. gentleman will have every opportunity to ask questions on each clause. But I believe the house would be wise to pass the resolution and get the bill before it, to see exactly what they are talking about. Shall the resolution carry?

Mr. BLACKMORE: No, Mr. Chairman. I beg leave to challenge your statement. I do not believe the committee would be wise to pass the resolution. The proper place to get information concerning matters of this sort is right here, in the resolution stage. I want information, a lot of it. I happen to know enough about this thing to be pretty suspicious, and pretty inquisitive.

I want to hear the minister answer the question asked by the hon. member for Temiscouata. What are these specialized agencies of which Canada is already a member?

Some hon. MEMBERS: Carried.

Mr. BLACKMORE: Surely, Mr. Chairman, hon. members must have entirely forgotten their duties. A member of this house has a right to ask a question and to have that question answered. Is there a member on the Liberal side who will contradict that statement?

The DEPUTY CHAIRMAN: Order.

Mr. BLACKMORE: I have asked a question and I want an answer.

The DEPUTY CHAIRMAN: I would point out to the hon. gentleman that the bill is not yet before the committee. When the bill is in committee he will be able to get the information for which he is now asking. If we pass the resolution now, later the bill will come before the committee and be dealt with. In view of that, shall the resolution carry?

Mr. BLACKMORE: No.

Mr. QUELCH: Surely, Mr. Chairman, you are not going to suggest that in the resolution stage we are not perfectly entitled to ask questions relating to the subjects mentioned in the resolution. That has been the custom during the ten years I have been in the house. Time and again, when a resolution has been introduced we have had a long discussion, with many questions asked and answered. This is about the first time I have ever known of a resolution to be brought before the house when the Chairman has ruled that questions and answers are not in order.

Mr. McCANN: He has not ruled that at all.

Mr. QUELCH: The hon. member for Temiscouata asked what these specialized agencies are, and I think that question should be answered.

Mr. ST. LAURENT: If the hon. member will ask a question pertinent to the resolution I shall do my best to answer it, but I heard

nothing in the speech of the hon. member for Temiscouata that appeared to me to be a question pertinent to the resolution.

Mr. QUELCH: There is a reference to the specialized agencies. Could the minister say what those are? For instance, is the international monetary fund one of those agencies.

Mr. ST. LAURENT: The international monetary fund is not one of the special agencies brought into relationship with the united nations. It may become so. These agencies are brought into relationship with the united nations by virtue of a contract entered into between the two, and the international monetary fund and the united nations have not yet even discussed the terms upon which a relationship could be established.

Mr. BLACKMORE: Then will the minister tell us what are the specialized agencies involved in this resolution?

Mr. ST. LAURENT: The specialized agencies which may be brought into relationship with the united nations under the terms of article 57 of the charter of the united nations which was signed at a meeting of the united nations, which, unfortunately, was not attended by the hon. member, are: the international labour organization; the food and agriculture organization; the united nations educational, cultural and scientific organization; the international civil aviation organization; the universal postal union; the international telecommunications union; the world health organization. Others that have not yet reached the operation stage are: the international refugee organization, which is being organized under the united nations; the international trade organization, the constitution of which is being worked out and prepared at Geneva at the present time.

Mr. HACKETT: Were there agencies to fight slavery and the drug traffic, and things like that?

Mr. ST. LAURENT: I am not sure whether there is a constituted organization. There have been meetings under the aegis of the united nations dealing with those subjects, and there is a narcotic drugs organization, but I am not in a position to say whether or not that has been brought into this relationship at the present time. A question arose there as to whether it could, because Spain was a member of the narcotic drugs commission, and a resolution was passed at the last general assembly that no organization of which Spain was a member could be brought into relationship with the united nations.

Mr. HACKETT: I suppose these agencies are likely to increase in number as the organization goes on?

Mr. ST. LAURENT: They are apt to increase in number; and the recommendation which will be made is that such immunities as are provided be extended to them when Canada becomes a member of one of them; but Canada becomes a member by virtue of something that is brought to the houses of parliament for approval.

Mr. HACKETT: A complete list could not be given now?

Mr. ST. LAURENT: Not an exhaustive list.

Mr. POULIOT: Article 57 of the charter of the united nations reads:

1. The various specialized agencies, established by intergovernmental agreement and having wide international responsibilities, as defined in their basic instruments, in economic, social, cultural, educational, health, and related fields, shall be brought into relationship with the united nations in accordance with the provisions of article 63.

2. Such agencies thus brought into relationship with the united nations are hereinafter referred to as specialized agencies.

Article 63 reads:

1. The economic and social council may enter into agreements with any of the agencies referred to in article 57, defining the terms on which the agency concerned shall be brought into relationship with the united nations. Such agreements shall be subject to approval by the general assembly.

2. It may coordinate the activities of the specialized agencies through consultation with and recommendations to such agencies and through recommendations to the general assembly and to the members of the united nations.

I will tell the committee why I asked the questions I did. I am surprised that they were so well understood by the hon. members for Lethbridge and Acadia and were not understood by other hon. members. The questions were put in plain English. The reason I asked them is this. With the great number of people from various countries passing through Canada on trains, aeroplanes and boats, we may be exposed to many things. That is what I fear. We shall have to be careful. We may have to double the R.C.M.P. to check these people, but that will be impossible because they will be immune.

Mr. BLACKMORE: Is it expected that Bretton Woods will become one of the specialized agencies?

Mr. ST. LAURENT: When the hon. member says "Bretton Woods" I assume that he means the agreements which were worked out at that place, not the place itself. I am not

in a position to tell the hon. member whether the organization set up by that agreement will choose to come into relationship with the united nations. No negotiations to that end have so far taken place.

Mr. McIVOR: I do not always find it so easy to keep quiet, but I think the minister has made a reasonable request that the debate be left over until we have all the material before us. He is thinking of the progress of the business of this house. If I speak on this matter I want to have the particulars before me. As somebody said lately, we need more light and a little less noise.

Mr. BLACKMORE: We can excuse the hon. member for Fort William for not being as familiar with this subject as members of parliament ought to be, but we cannot very well excuse a number of us. I cannot excuse myself. I want to tell the hon. member for Fort William that it is right now when we are dealing with the resolution that we should get the information before we commit ourselves too far. I want to ask whether the final act of Bretton Woods, which, of course, is the name of the whole thing, is to become one of the specialized agencies and, if not, why not?

Mr. ST. LAURENT: I do not know if it is or not, and I do not know why not.

Mr. BLACKMORE: I suppose the minister is not aware of how serious a deficiency in himself he has confessed before the committee.

Mr. ST. LAURENT: I leave that to the judgment of the public.

Mr. BLACKMORE: Just imagine a responsible minister coming before this committee and being unable to answer that question! Such a tremendous amount depends on whether the final act of Bretton Woods, to which we acceded in 1945, becomes one of these specialized agencies. A tremendous amount depends upon that. I suggest to hon. members that, as a good practice, they should read once more the final act of Bretton Woods, which we passed in such shameful haste in the last days of 1945, and also the immunities appended to that. From those immunities they will get some sort of idea of the kind of thing this committee is committing itself to when it passes the resolution or passes the bill. There will be plenty of reason for the anxiety of the hon. member for Temiscouata. Since the minister cannot tell us that, I should like to ask what is meant by the words "legal capacity" as applied to the officers and representatives, we will say, of the I.L.O.?

[Mr. St. Laurent.]

Mr. ST. LAURENT: I do not know that we should have a course in law in this House of Commons, but what it means is that if a body is to be recognized as having the right of a person, someone has to give it corporate capacity. It will be recommended to parliament that that be done in respect of Canada by virtue of the terms of the bill to be introduced.

Mr. BLACKMORE: That means what? Does it mean the power to sue in the courts? Does it mean the responsibility to be sued in the courts? Just what is the significance of that? That should be put on the record.

Mr. MacINNIS: On a point of order, I think we have got off on the wrong foot here. The hon. member for Lethbridge is quite within his rights in asking these questions because there would be no reason for the Speaker to leave the chair for the house to go into committee unless questions could be asked, but I submit that we are wasting our own time and the time of the house by asking questions now when we have not the full picture before us as we shall have when the bill is brought down. I suggest to the hon. member for Lethbridge and others that they forgo asking questions now, because they will be in a much better position once the bill is brought down. Someone has mentioned the custom in the British parliament where resolutions are never discussed, where the discussion on the principle of a measure is carried out on the second reading. I agree that the hon. member is within his rights, but he will be in a better position and the minister piloting the bill will be in a better position once the bill is introduced.

Mr. QUELCH: That may not be true. On the resolution stage you are free to ask any question pertaining to the resolution, but when we are dealing with the bill we are tied down to individual sections and may find it impossible to ask a particular question. We had an example this afternoon when certain questions were asked and hon. members were told that they could not ask them under that particular section. It is quite possible that when the bill comes down there may be certain questions we want to ask that do not apply specifically to any section, and therefore we shall not be able to ask them.

Mr. MITCHELL: You can ask them on the title.

Mr. QUELCH: Is it intended to take any steps to screen the various officials who may come here from all parts of the world? Since we have had a lot of publicity in connection

with espionage, are these various representatives to be allowed to run wild across Canada without any form of screening?

Mr. ST. LAURENT: I do not think there will be anything as wild as some of the statements made in the house.

Mr. QUELCH: They were pretty wild last year.

Mr. ST. LAURENT: All I am asking is for the adoption of this resolution, so that a draft convention which has been prepared by a committee of the united nations and has been recommended to the members of the united nations by a resolution of the general assembly may be put before this house, in order that the house, which has approved of the adherence of Canada to the united nations, may say whether or not it is prepared to take the recommendation of the general assembly and agree to some or any or none of the recommendations of that convention. That is all that is involved at the present time. The convention will be before the members of this house. They have agreed to the united nations charter. The united nations charter provides that the general assembly will recommend the terms of a convention. The general assembly has done so, and I think the Canadian parliament should, in conformity with the spirit of the charter, at least take the trouble of examining that convention and saying whether it is prepared to agree to the whole of it, to any part of it or to none of it. That is all.

Mr. BLACKMORE: Will the minister tell the committee whether there is any sufficient reason why that convention should not be placed before the members of this house without having the bill before us?

Mr. ST. LAURENT: That convention was published in the newspapers and has had all kinds of publicity. I have a copy of it here which I can tear off the bill and send to the hon. member if he wants to see it. It is something that was recommended by a resolution passed a year ago February. Fifteen or twenty members of the united nations have already expressed their intention of adhering to it, some without reservations, some with reservations. It is our intention to put it before the house and to ask: Shall we do anything at all about it?

Mr. POULIOT: Mr. Chairman, words have many meanings. If one looks at Webster one will see four or five significations for a single word. The trouble with our legislation most of the time is that there are not enough definitions to make more precise the meaning of the words used in the statute. If the discussion that has taken place has had only the effect of warning the government of the necessity of having clearly drafted legislation and sufficient definitions I shall not regret the difficulties I went through to express that wish. We speak now to a house which is practically all converted to the idea of the united nations.

Mr. BLACKMORE: "Converted" is exactly the word.

Mr. POULIOT: Of course opinions are free. All I can tell you, sir, and my colleagues is that it is a wrong sentiment and the future will prove that all those who opposed it were right. If I oppose it now I do not do so for myself or for those of my generation, but for those of the future generations who will suffer from it just as the boys of the two previous generations suffered from the bureaucracy that was called the "New Despotism" by a lord chief justice of England and from the bureaucracy of Geneva, and now we shall have the bureaucracy of Lake Success, New York.

Some hon. MEMBERS: Carried.

Mr. BLACKMORE: We might just as well save ourselves all this shouting of "carried" and behave ourselves like members of parliament. Surely a matter of this great importance merits the calm and considered attention of members of parliament. We have been listening for about an hour—

Mr. McCANN: Address the Chair.

Mr. BLACKMORE: I am including the Chair in what I am saying. We have been talking for about an hour and before we had been on this subject for about twenty minutes we had the anvil chorus of "carried" going on. That is surely a sign that there is "a nigger in the woodpile" somewhere.

Mr. ST. LAURENT: Mr. Chairman, is the hon. member to be allowed to make a statement of that kind?

The DEPUTY CHAIRMAN: I would ask the hon. member if he is to speak at all to speak to the resolution.

Mr. ST. LAURENT: Mr. Chairman, what about the hon. member being allowed to state that the conduct of his fellow members in this house indicates that there is a nigger in the woodpile?

Mr. BLACKMORE: Mr. Chairman, I wonder if we have not the right to ask the minister to state the matter correctly. I did not say that the conduct of the members of this house—

The DEPUTY CHAIRMAN: Order. I am sure that the hon. member if he made any

statement of that kind would be imputing motives and that he will withdraw his statement.

Mr. BLACKMORE: What I said was that an anvil chorus of "carried", which commenced fifteen or twenty minutes after this discussion commenced, is pretty good evidence that all is not well, that something is seriously wrong; in other words, that there is a "nigger in the woodpile" somewhere.

I am going to ask several more questions which I think are pertinent to the resolution. I have tried to find out something about the nature of the immunities which we shall be granting to all these various people. I noticed in the long list which the minister gave the I.L.O., FAO, UNESCO, Civil Aviation, et cetera. To each and every one of these, according to the resolution which is before us, we are to grant legal capacity, whatever that means. The minister has defined it in a general sort of way but not so that those who read *Hansard* out in the country will understand what he means. May I ask, what are the immunities which are referred to in the resolution and which are to be granted to the various specialized agencies which are to be associated with the united nations. What are those immunities?

Mr. ST. LAURENT: They are the immunities recommended to the members of the united nations in the convention that was recommended by its resolution on the third of February, 1946.

Mr. QUELCH: Article IV of the schedule to the bill says that among the privileges and immunities are:

(a) immunity from personal arrest or detention and from seizure of their personal baggage, and, in respect of words spoken or written and all acts done by them in their capacity as representatives, immunity from legal process of every kind.

This afternoon and yesterday we listened to a lot of talk about the tremendous dangers that may face this country. To listen to some hon. members one would almost come to the conclusion that a war with some countries is imminent. If the stiuation is anything like as dangerous as many hon. members would have had us believe yesterday and today, surely we are not going to suggest that we should allow representatives of these countries to run around this country with their baggage. They are allowed to bring baggage in and out of the country without any investigation as to what is in that baggage, what the documents may be that they take out. How can one say that we do not face a crisis when we have a situation which necessitates bringing troops of another country into Canada; how can one say we face that situation at one minute and, in the next, suggest that we should allow representatives of these countries, countries that we suspect, shall I say, to come here and have free rein without our right to investigate the documents which they may be carrying out of the country or the code messages which they may be sending out? It seems to be rank insanity to me. When I say "insanity" I mean that either the things that hon. members were speaking of here yesterday and today were a form of insanity; or, if they were sane, then this resolution is insane. You cannot have it both ways.

I would ask the minister whether or not there is some loophole whereby, if we are satisfied that certain representatives of certain countries—and I am not suggesting any one country—are carrying on some form of espionage, we can investigate, or do we mean by this bill that these men have complete immunity? Has the government not the right to provide for an investigation upon what they may be doing? I should like an answer to that question.

Mr. ST. LAURENT: I do not think I should be called upon to give answers as to what will be the effect of the legislation resulting from a bill which has not even been introduced.

Mr. QUELCH: I hold in my hand the schedule which is dealt with in the bill which will follow the resolution. I am interested in the schedule. In view of the fact that the minister has sent this schedule over to us and it is the schedule that we are in reality discussing, I should like a reply to my question. The minister will admit that it is a serious question and I should like an answer to it. The minister should answer. Why wait until we are out of the frying-pan into the fire?

Mr. ASHBY: May I ask the minister a question?

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

Mr. ST. LAURENT: Will the hon. member please state his question in a form that can be answered.

Mr. QUELCH: All right. If there are in this country certain officials about whom we receive information which causes us to believe that they are carrying on acts of espionage, are they granted complete immunity by this resolution, or have we the right to investigate, seize their baggage and see whether or not they have been carrying on that kind of work?

Mr. ST. LAURENT: If we grant immunities we shall be expected to respect them. They will be such as this house sees fit to determine. If this house sees fit to make reservations, as other nations have made reservations, in some respects of this convention, then those reservations will apply. If this house and parliament see fit to grant complete immunities I would expect the Canadian people to respect the immunities granted by an act of parliament.

Mr. QUELCH: Yes, that is quite right, if we grant these immunities. The question is, is it wise to grant these immunities with the facts that are before us today, or has the government just been stirring up a mare's-nest in the past? If we can believe the documents that have been put out by the government; if we can believe some of the references made in the Taschereau-Kellock commission, then I would say a bill of this kind is insanity.

Mr. ASHBY: May I ask the minister who is the individual responsible for drawing up this bill in the first place?

Mr. ST. LAURENT: The bill was prepared in collaboration between the legal counsel of the Department of External Affairs and the law officers of the Department of Justice.

Mr. ASHBY: I asked the names of the individuals, not the institution.

Mr. ST. LAURENT: I do not think that is a question which is pertinent to the consideration of the resolution.

Mr. ASHBY: We must have individual responsibility. I receive letters from these bureaucrats telling me that the department did this, or that or the other. An individual did it, or some individuals did it. I should like to know who these individuals are.

Mr. ST. LAURENT: When this resolution is passed I shall put in the hands of the Chairman for delivery to the Speaker a bill for which I take full responsibility.

Mr. QUELCH: Again I should like to point out that this is the time to decide whether or not we want that bill to be drawn up; otherwise what is the purpose of the resolution?

Mr. BLACKMORE: Apparently the minister thinks he is the sole judge as to whether or not he should answer any question. I should like to convey to the minister in a perfectly respectful way the idea that he is not the sole judge, that the members of the house are the judges of what questions we shall ask him and what he is to answer.

Mr. ST. LAURENT: If I am asked a question and I refuse to answer I shall be glad to have my refusal to answer challenged and a vote taken upon it.

Mr. BLACKMORE: The hon. member for Edmonton East just asked a question and was refused.

Mr. ST. LAURENT: If the hon. member wishes to challenge my refusal to give the name of the official who wrote or typed the draft bill I am prepared to meet that challenge.

Mr. ASHBY: I think I have every right, Mr. Chairman, to have that question answered. We must pin responsibility upon individuals, and some individuals drew up this bill.

The DEPUTY CHAIRMAN: Order. The hon. member is discussing the bill. The bill is not yet before the committee. If we pass the resolution, then the hon. member can see the bill.

Some hon. MEMBERS: Question.

Mr. BLACKMORE: We are asking questions concerning the resolution.

The DEPUTY CHAIRMAN: Order. I would remind the hon. member that I was not addressing my remarks to him; I was addressing my remarks to the hon. member for Edmonton East who was discussing the bill.

Mr. BLACKMORE: It apparently is not convenient to give the committee details concerning what these immunities are to be. Two of the immunities, which I think are quite clearly indicated in the passage which the hon. member for Acadia read are these, that an officer who would represent the international labour office, for example, in Canada would be immune from arrest. He would be immune from investigation in any respect, no matter whether he was suspected of espionage or not; he would be immune from all these things except in so far as he himself waived the immunities. Look how serious that is, Mr. Chairman. It would mean the representative of the I.L.O. was immune, the representative of FAO was immune, the representative of UNESCO was immune, and so on with the international civil aviation organization and the international postal union, the international telecommunications and so forth. There is hardly anything concerning any of these which hon. members know. Each of these gentlemen possesses immunities, and, in addition to that, all these members to whom the hon. member for Broadview referred possesses this immunity. Look at the bewildering responsibility this committee is taking upon itself when it grants that immunity.

Some hon. MEMBERS: Question.

Mr. BLACKMORE: Of course all that I consider it my duty to do is to bring to the attention of hon. members how serious the action is that they are engaging in in accepting this thing like a pig in a poke.

What are the facilities which are referred to in this resolution which are to be granted to each of these privileged individuals representing the united nations and each of the specialized agencies which will be attached to the united nations?

Mr. ST. LAURENT: They are those that are described in the convention which was adopted on February 13, 1946, and to which this country is invited by resolution of the united nations to adhere, and to which it can adhere in whole or in part, or not at all, as it may be decided.

Mr. BLACKMORE: Will the minister name those? He must be familiar with them. He can surely give them to the committee.

Mr. ST. LAURENT: If I thought there was information being sought for the purpose of getting information I would be only too glad to supply it. With respect to that, if it can be of any use to the hon. member, the facilities that are referred to are with respect to communications facilities not less favourable than those accorded by the government to diplomatic missions accredited to this country.

Mr. BLACKMORE: I probably should request the minister to withdraw the imputation of motive.

Mr. ST. LAURENT: If I made any imputation I will gladly withdraw it—if it will save any time.

Mr. BLACKMORE: All right; the imputation was that I was not asking for information. I am asking for information. What are the privileges which are granted or which will be granted, as implied in this resolution?

Mr. ST. LAURENT: I do not know that will be granted under this measure. I know there were a certain number of privileges enumerated in the convention, and if the hon. member will read the convention he will see exactly what they are. I do not know to which of those parliament will see fit to adhere.

Mr. BLACKMORE: Now, Mr. Chairman, as parliament is at present constituted, it will adhere to exactly what the minister says it will adhere to.

Mr. ST. LAURENT: That is a compliment which I appreciate.

[Mr. Blackmore.]

Mr. BLACKMORE: People on the Liberal side would vote for anything under the sun that a Liberal minister would propose. That is my own opinion. The minister ought to be able to name those. Every member in the house is not supposed to know all that is in the convention.

Mr. ST. LAURENT: I may remind the hon. member who is asking the question that I sent him a copy of it. He need not think his duty obliges him to ask for information for other members in the house.

Mr. BLACKMORE: Probably other members in the house will profit a little if they are exposed to the information. But I am asking particularly for myself.

I should now like to ask the minister to give us the purposes of the united nations. All these, I submit, are questions which are perfectly legitimate to ask, and they are perfectly legitimate to be answered at this stage.

Mr. MARTIN: A terrible reflection on the hon. member who is questioning!

An hon. MEMBER: Shut up.

Mr. BLACKMORE: I am afraid the reflection is entirely deserved. The remark of the hon. member indicated a degree of irresponsibility which should not be tolerated in the house.

What are the purposes of the united nations?

Mr. ST. LAURENT: There are millions and millions of people who have been interested in the charter of the united nations. It has been a public document for more than two years, and I am astounded that a member of parliament would ask me at this time to tell him the purposes of the united nations, when they are set out clearly in article 1 of chapter I of the united nations charter, a document which a great many people who have not the responsibility of a member of parliament have taken the trouble to read.

Article 1 is as follows:

1. To maintain international peace and security, and to that end: to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace, and to bring about by peaceful means, and in conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which might lead to a breach of the peace;

2. To develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, and to take other appropriate measures to strengthen universal peace;

3. To achieve international cooperation in solving international problems of an economic, social, cultural, or humanitarian character, and

in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion; and

4. To be a centre for harmonizing the actions of nations in the attainment of these common ends.

Mr. BLACKMORE: Mr. Chairman, I wanted the minister to put those purposes on the record.

An hon. MEMBER: He did.

Mr. MUTCH: You wanted it to kill time; that is all you wanted.

Mr. BLACKMORE: If there were time to go into detail in respect of all these purposes, what would be involved in acomplishing them, and the kind of measures that could be adopted, and the reasons why such measures could be adopted, I think it would be astonishing reading to the people in the country who read *Hansard*. The difficulty is that scarcely any attention has been given to the nature of the measures which would be used by the united nations, or the reasons for which they would be used. However I am not going into detail; I just wished to have that information on *Hansard*.

I wonder if the minister would give us the purposes of the telecommunications union which he mentioned.

Mr. ST. LAURENT: I have not that here.

Mr. BLACKMORE: Then I wonder if the minister would give us the purposes of the international trade organization.

Mr. ST. LAURENT: That charter has not yet been completed. There is a conference going on which is working to the end of diminishing the barriers to trade which many people feel were one of the contributing factors to the situation which brought about the last war.

Mr. BLACKMORE: Which means, of course, that in passing this resolution, and in passing the bill which would follow, this house will accept the purposes of that organization, without having seen them.

Mr. KNOWLES: No.

Mr. ST. LAURENT: No; the resolution provides that such privileges or immunities as are accorded to associated agencies will apply only to such of those agencies as Canada joins with the approval of its houses of parliament.

Resolution agreed to, read the second time and concurred in. Mr. St. Laurent thereupon moved for leave to introduce Bill No. 272, to provide for privileges and immunities in respect of the united nations and related international organizations.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR REFUNDING OF FINANCIAL OBLIGATIONS

Mr. R. W. MAYHEW (Victoria, B.C.—for Mr. Abbott) moved the second reading of Bill No. 265, respecting the Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.

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

On section 1—Short title.

Mr. HAZEN: When this bill was in the resolution stage the hon. member for Muskoka-Ontario asked a question. He said, as reported at page 3789 of *Hansard:*

> The only question I wish to raise is as to giving authority for refunding operations for the next five, six or seven years.

The question he raised was as to the refunding operations covering such a period of time. The parliamentary assistant to the Minister of Finance at that time said, as reported at page 3790 of *Hansard:*

> However, all that we are doing at the present time is to ask for first reading of the bill, and the minister can give further consideration to the matter and answer the hon. gentleman on second reading of the bill.

Has the minister given any further consideration to what the hon. member for Muskoka-Ontario said, and will the parliamentary assistant explain why this bill covers such a long period of time?

Mr. MAYHEW: The Minister of Finance has given consideration to the request of the hon. member for Muskoka-Ontario but is still of the opinion that it is in the country's interests to have this provision go through in this way. Timing is an important factor in dealing with the amount of money which is involved in this item, namely $200,000,000; and it is necessary to be able to make the refunding at a time when it is most advantageous to the country. Therefore the minister has asked that this stay as outlined in the bill.

Mr. LENNARD: Are $200,000,000 required to cover even that period of three or four years? I notice that the parliamentary assistant said the other evening that there was a total of some $123,000,000 required. Why the $200,000,000?

Mr. HACKETT: May I add a question to the one just asked, which the minister might answer at the same time? Have the railways

called in any securities, and does the necessity arise out of an opportunity to get money at a lower rate of interest?

Mr. MAYHEW: There is a total altogether of $221,304,943.61.

Mr. HACKETT: What is the rate of interest?

Mr. MAYHEW: It varies. There are two amounts at five per cent; there is practically $75,000,000 at five per cent. There are two amounts of about $49,000,000 at four per cent.

Mr. HACKETT: When do the five per cent ones mature?

Mr. MAYHEW: The five per cent ones mature in 1969, but they are callable in 1949.

Mr. HACKETT: At par or at a premium?

Mr. MAYHEW: At a premium.

Mr. HACKETT: What is the premium?

Mr. MAYHEW: A five per cent premium.

Mr. HACKETT: So they are paying 105?

Mr. MAYHEW: If they called them on that date, they would be paying a five per cent premium.

Mr. HACKETT: What is the rate on the new money?

Mr. MAYHEW: It will depend entirely on the market at the time that this is refunded.

Mr. SMITH (Calgary West): Is it proposed to advance the $200,000,000 now? I assume it will have to be raised by borrowing. Is it the idea to raise the $200,000,000 now because we have a low interest rate, or is it intended over the years to advance the money from time to time? What I have in mind is this. My memory is very slack about it, but I think there is a section in the Railway Act which has to do with this method of raising money for this purpose. I wondered how you were going to get the $200,000,000. You must find it somewhere. It does not come from general revenue. It will have to be borrowed somewhere. I assume these will be bonds or something of that kind, will they not?

Mr. MAYHEW: The money will be borrowed from the public from time to time as these maturities come due or are called. The whole amount will not be borrowed at this time.

Mr. HACKETT: Will the parliamentary assistant say whether these securities will be sold in Canada and whether they will be payable in Canadian funds? Will he also state if any of the five per cent bonds which may be called are payable in United States funds or in sterling as well?

Mr. MAYHEW: The five per cent bonds are payable in Canada, London or New York.

Mr. HACKETT: Will these bonds be marketed in Canada, or will they be marketed in the United States and England as were those which they will be replacing?

Mr. MAYHEW: It is most likely that they will be marketed in Canada. It has been the general policy of the government to do that, and it is most likely that they will be marketed in Canada.

Mr. HACKETT: And will they be payable in Canada only, or will they be payable in the United States and in London?

Mr. MAYHEW: Well, I cannot answer as to what we shall do, but I would say that they would be payable in Canada only.

Mr. HARKNESS: I was going to ask a question which is really directly along the line taken by the hon. member for Stanstead. What I wish to know is what amount of this $200,000,000 is payable or callable in Canadian funds, in United States funds and in sterling, in relation to the United States funds, whether we are to refund them at par or at what has been referred to quite frequently as the unofficial market price; and as far as sterling funds are concerned, whether we are to refund them at what was par, $4.86⅔, or whether we are to refund at the present price of approximately $4?

Mr. MAYHEW: The answer to the last question is that it will depend entirely upon the terms of the bonds. As to the first question, I really put the answer on *Hansard* when the bill was introduced. The amount payable in Canada is $86,980,000. The amount payable in London is $2,607,443.61.

Mr. HARKNESS: Pounds?

Mr. MAYHEW: Dollars. The amount payable in New York is $8,629,000. The amount payable in London, Canada or New York is $123,088,500.

Mr. HACKETT: Does the information before the hon. gentleman establish what portion of the last-mentioned figure is held in the United States, and in consequence would be payable there?

Mr. MAYHEW: We really have no way of telling how much of this is held in the United States.

Mr. HACKETT: Is that quite accurate? I thought payments to be made in the United States would be painfully perceptible to the department, because United States dollars would have to be purchased for the purpose.

Mr. MAYHEW: If they are held by Canadians the United States dollars are sold back to Canada, so that it would be pretty difficult to trace it and give the amount.

Mr. SMITH (Calgary West): The hon. gentleman just said that some $120 million was payable optionally in one of three places. You will have to pay almost all in New York, will you not, because that is where the people get the most money.

Mr. MAYHEW: The exchange is at par. There is no particular advantage in doing that at the present time.

Mr. SMITH (Calgary West): What?

Mr. HACKETT: Is that quite right?

Mr. HARKNESS: Is this $123 million to be paid at par or at the current rate of exchange on the New York market?

Mr. MAYHEW: It will be paid at par. The current rate is par, as far as we are concerned.

Mr. HACKETT: I think there must be some misunderstanding. A Canadian dollar will not purchase a United States dollar in New York. If it is necessary to pay interest in United States dollars on, say $100 million it will take more Canadian dollars to purchase the United States dollars necessary. Of course we have a certain amount of United States dollars in reserve, but they are rapidly vanishing.

Mr. MAYHEW: They can still be bought from the foreign exchange control board at par.

Mr. HACKETT: That is, we are depleting our reserves to make these payments. Is that the answer?

Mr. MAYHEW: That would be so. It would be nothing new.

Mr. HARKNESS: Apparently $123 million as far as these securities are concerned is payable in Canada, the United Kingdom and the United States. What about the remainder, the $77 million; what is it for?

Mr. MAYHEW: I have given those figures. probably the hon. member did not get them, but he will be able to read them in *Hansard* in the morning.

Mr. HARKNESS: You gave me only $86 million Canadian, $2 million United Kingdom and $123 million United States.

Mr. MAYHEW: There is $86,980,000 payable in Canada, $2,607,443.61 payable in London and $8,629,000 payable in New York.

Mr. HARKNESS: That does not make $221 million.

Mr. MAYHEW: Add the $123 million and you get $221 million.

Mr. NICHOLSON: If I might be permitted to change the line of discussion I should like to say that when the officers of the Canadian National Railways were here a year ago the question came up of the relation of fixed charges on the Canadian National Railways, the Canadian Pacific Railway and class 1 railways in the United States. As appears on page 19 of the evidence before that committee, the president reported that negotiations had taken place between the railways and the Department of Finance with a view to having the government accept income bonds of the Canadian National Railways in payment of the amount owing by the railway to the government for the repatriation of British securities. We were given a pretty complete picture of the situation of the Canadian National versus that of the Canadian Pacific and some of the better railways in the United States. That position is outlined at page 20, where the position of the Canadian National is put in these words:

> In the seven years referred to, 1938-1945, the funded debt of Canadian National Railways, including loans at interest from the government, was reduced from $1,298,141,226 to $1,247,381,610, a reduction of 3·91 per cent, and the fixed charges were reduced from $53,451,741 to $49,009,508, a reduction of 8·31 per cent.

Over the same period the Canadian Pacific Railway Company was able to reduce its funded debt from $232,188,724 at the end of 1938 to $93,669,000 at the end of 1945, and the statement goes on to say:

> The 1945 report shows that their fixed charges (which in 1938 amounted to $26,853,756) have been reduced to $19,547,129 in 1945, a reduction of 27·21 per cent.

Then later:

> Statement "B" attached to this memorandum shows the relationship of fixed charges to gross earnings for the larger U.S. roads, also for U.S. class 1 roads as a whole, and for the Canadian Pacific and Canadian National respectively. In 1939, which is taken for comparison as being the last pre-war year, the ratio of fixed charges to operating revenues for class 1 railroads was 15·21 per cent, for the C.P.R. and 16·76 per cent and for the C.N.R. 26·24 per cent. For 1944, the latest year for which full comparison is available, the percentage for class 1 railroads was 6·00, for the C.P.R. 6·50 and for the C.N.R. 11·44.

In his interesting brief the president said:

As a result of the war, however, a large block of railway securities previously owned by U.K. residents has been transferred under repatriation proceedings from public ownership to that of the government, and had the present situation existed in 1937 it is fairly sure that the repatriated securities would have been retired as railway interest bearing obligations and the government's interest would have put on an equity basis, as was done in 1937 as regards all the indebtedness of the railway to the company for capital purposes.

Could the parliamentary assistant make some statement as to what progress has been made since that time with a view to giving the Canadian National Railways some relief from the unfair burden it has been carrying for a great many years?

Mr. MAYHEW: What the hon. gentleman is asking now would certainly require legislation and, as far as I know, there is no such legislation in the offing for this year; at least it has not been introduced up to the present time.

Mr. TOWNLEY-SMITH: Since this bill deals with the provision of funds to take care of various kinds of capital expenditures, is it permitted to ask whether any provision has been made for the completion of certain railway lines in northern Saskatchewan? I refer to two branch lines, one from Frenchman's Butte to Heinsburg, out of Saskatchewan into Alberta, and the other line in Saskatchewan, from St. Walburg to Beaver River. On both lines the middle has been left unfinished. At other sessions, consideration has been promised, and I was wondering whether it is the intention to do anything about these lines. I would urge that they be completed as quickly as possible.

Mr. MAYHEW: I think the hon. gentleman is a little confused. We are talking now on the refunding bill, and what he is referring to would come under Bill No. 258, the Canadian National bill.

Mr. HARKNESS: I still have not discovered the rate of exchange. I was under the impression that a good deal of the money, as far as the general public was concerned, is still owed in the United Kingdom; but, according to the figures which the parliamentary assistant has just given us, it is only $2,000,000 and some odd. At what rate of exchange is that money being repatriated or paid off?

Mr. MAYHEW: I think the hon. member is a little bit confused about the repatriation of Canadian national securities. They are bought at the market price and paid with the pound at $4.04.

[Mr. Nicholson.]

Mr. HARKNESS: Do I understand from that all Canadian National securities which are held in Great Britain and which are coming due at the present time will be repatriated at that rate of $4.04?

Mr. MAYHEW: No, not at all. We are dealing here with only $221 million, out of a total indebtedness of Canadian National Railways of $1,200 million.

Mr. HARKNESS: And it is only $2,000,000 odd of that, which is being paid off?

Mr. MAYHEW: It is only $2,000,000 worth. We are dealing with $200 million.

Mr. HACKETT: Have all the bonds held in Great Britain that it is contemplated refunding been repatriated? Can the parliamentary assistant say if the bonds in Great Britain have already been repatriated at $4.04?

Mr. MAYHEW: If they were owned by residents of Great Britain they have been repatriated.

Mr. HACKETT: I understood that the question asked by the hon. member for Calgary East was as to the portion still held in Great Britain, and the answer was that there was only $2,000,000 worth still held in Great Britain. Does that represent the bonds which are held in Great Britain and which have been repatriated?

Mr. MAYHEW: Out of the $200 million that we are asking for there is $2,607,000 payable in sterling in London. That is all we are dealing with in this particular item.

Mr. SMITH (Calgary West): A moment ago the parliamentary assistant suggested that we were confused. I know I am, in any event. I gather that there are $124 million payable either in London, New York or Canada, I assume at holder's option?

Mr. MAYHEW: That is right.

Mr. SMITH (Calgary West): Then the parliamentary assistant said that either $8,000,000 or $80,000,000 were payable in New York; I was not sure of the figure.

Mr. MAYHEW: It is $8,000,000.

Mr. SMITH (Calgary West): Then we have $132 million where payment may be required in New York?

Mr. MAYHEW: Yes, that is right.

Mr. SMITH (Calgary West): Inasmuch as our dollar is at par we must possibly find United States dollars to the extent of $132 million?

Mr. MAYHEW: Possibly.

Mr. NICHOLSON: When the resolution was before the committee the other night I understood that either the Minister of Finance or the Minister of Transport would be here to answer some questions. The question of the capital debt of the Canadian National has been before the railway committee on several occasions. Of course the officers of the railway have no jurisdiction to make adjustments, but it would seem to me that, in view of the representations made by the president and the fact that these securities are now held in Canada, some statement from the cabinet level should be made. I realize that the parliamentary assistant is not able to speak for the cabinet, but I think someone should. The president of the railroad said:

> I am trying to put the Canadian National Railways on a sound basis. We want to show a satisfactory financial statement and we do not want to feel that we are a burden on the government. We do not want the "railway problem" to reappear. The Canadian National Railways is operating efficiently but it may very easily be made to appear a failure because it cannot achieve the impossible. In that event the effect on the railway organization itself will be one of discouragement. Moreover the comparison between state ownership and private enterprise is involved.

I had hoped that at this stage someone would be prepared to make a statement on government policy, especially in view of the negotiations in connection with this problem which have extended over a period of years between the management of the railways and the cabinet.

Mr. MAYHEW: The hon. member will have ample opportunity of asking his questions when the Minister of Transport is here and when the Minister of Finance is here.

Mr. NICHOLSON: We understood that someone would be here to answer questions which it was not convenient to answer the other evening.

Mr. HACKETT: Can the parliamentary assistant say what is the present credit in United States dollars in the foreign exchange control fund?

Mr. MAYHEW: No, I cannot say that and I would not if I could.

Mr. HACKETT: I wonder why not. If I understood correctly the information vouchsafed earlier in the evening by the minister any refunding in New York will be made by United States dollars from the credit of the foreign exchange control fund.

Mr. MAYHEW: Just in so far as bonds are held in New York.

Mr. HACKETT: They are all payable in New York with the exception of $2,000,000.

Mr. MAYHEW: If they are held by Canadians they must sell their funds back again to the exchange fund.

Mr. HACKETT: I was a little astonished when the minister told me that he did not know what proportion of these bonds was held in New York. I think the record of interest payments would indicate clearly in what proportion they are held in New York, and when I say "New York" I mean the United States.

Mr. MAYHEW: We have not the information.

Mr. HARKNESS: I understand that approximately $131 million of these bonds are payable in New York with United States funds. Has the foreign exchange control board made that amount of money available to the railways to pay these off, or are some other arrangements being made so that our reserve of United States funds in gold will not be depleted to that material extent? I understand that, as matters stand at the present time, the situation is quite serious.

Mr. MAYHEW: They have not made any provision for it, because a number of these items do not mature until 1949. 1950 and 1951. They will be taken care of at the time of their maturity or when they are called.

Mr. HACKETT: I am sure the minister will understand that I am anxious to get this information because we have considered with a great deal of perturbation the rapidity with which our reserves of United States dollars are dissolving under the requirements of an ever-increasing one-way trade with the United States. Our purchases in the United States seem to be growing apace. Our sales there are not at all sufficient to enable us to make payment for what we are purchasing, and the proceeds of our sales to countries which pay in sterling are not readily convertible either into gold or into United States dollars. It would seem to me to be a matter of great importance to know exactly the position of our foreign exchange reserves. That would be almost a determining factor in deciding whether or not these bonds should be retired, even though the interest would seem to be high at the present time. If our reserves of United States dollars are being eaten up as rapidly as the budget discussions have led us to believe, it may be highly unwise to

make these capital refunds at the present time, especially if they have to be made out of our small and diminishing reserves of United States dollars. I submit that it would be helpful to the committee to know exactly what those reserves are and how they stand today as compared with thirty or sixty days ago. That would give us some idea of the extent of the demand upon these reserves.

Mr. MAYHEW: That will no doubt be a factor when the transaction is under consideration. The government will decide then what they should do and will no doubt take into consideration whether it is advisable to refund these bonds in New York or in Canada. So far as the present exchange position is concerned, I am not in a position to speak.

Mr. HARKNESS: From a superficial examination of the report of the foreign exchange control board and a certain amount of attention to the trade figures which have been issued since, it would seem to me that the payment of this $131,000,000 will mean that we shall get rid, in one fell swoop, of more than one-fifth of our total remaining foreign exchange in United States currency. If that is the case, which I think it is, the passing of this bill involves more than merely authorizing the Canadian National Railways to refund $200,000,000. It involves also our liquid position so far as foreign exchange is concerned, and that before we pass this bill we ought to be told whether authorizing now the payment of this amount in United States exchange will jeopardize our foreign exchange reserves.

Mr. MUTCH: Before the parliamentary assistant to the minister answers, if I appear to be a little confused after listening to the debate I think I am in good company. It occurs to me that if it is important in connection with this legislation to know the position with respect to United States dollars held in Canada today as compared with thirty or sixty days ago, the immediate position of our holding of United States dollars has comparatively little bearing on loans which are to be refunded some in 1949, some in 1950, and some in 1951, because the exchange position then may be entirely different. I should like to ask the parliamentary assistant if it is not the case that in this legislation we are providing for borrowings to retire obligations. Large issues of bonds are payable in the United States, and I would ask the parliamentary assistant if there is anything in the proposed legislation to prevent Canada from doing what she has done many times before, namely, borrowing United States dollars in the United States to refund those bonds?

Mr. SMITH (Calgary West): He has already said that they will be sold in Canada.

Mr. HACKETT: Probably the minister will tell the hon. member for Winnipeg South that, although the bonds do not fall due until several years later, what is being contemplated—

Mr. MUTCH: You cannot call them until 1949.

Mr. HACKETT: I did not understand the parliamentary assistant to say that. When is the earliest moment the bonds can be called?

Mr. MAYHEW: The United States ones are October 1, 1949. But this is not a case where, if this bill goes through, the department will rush out immediately and dispose of those bonds.

Mr. HACKETT: Could they not be called before 1949?

Mr. MAYHEW: No, they cannot be called before 1949.

Mr. HARKNESS: If they cannot be called before 1949, why should we authorize this $200,000,000 now? By 1949 it may perchance happen that United States exchange will be very much in our favour. Conditions may be entirely different. I completely fail to see why in 1947, and not even the latter part of 1947, we should be voting money to call bonds in 1949. It is absolutely certain that parliament will meet at least twice in the interim, and certainly we should not be called upon to vote this money now for a purpose we do not know. We do not know what the position will be in 1949.

Mr. NICHOLSON: I wish to make it clear that I am not opposing this legislation, but my hon. friends to my right have a good deal of difficulty getting the information they want and, while I do not wish to raise a point of order, I would ask, should not this legislation be piloted through this house by a member of the cabinet?

Mr. MAYHEW: I do not know what information the hon. member wants that he has not been able to get.

Mr. NICHOLSON: My hon. friends to the right are not making much progress in getting the information they want and, before we pass this legislation, we should have either the Minister of Finance or the Minister of Trans-

port on hand to supply the information. Could we not report progress and resume the discussion later?

Mr. MAYHEW: The Minister of Justice is in the house, and I am sure that he would be able to answer more clearly than I have been able to do, and I shall be glad to have him do so.

Mr. ILSLEY: I am not carrying the legislation. I am not familiar with the bill at all, but I have been listening to the discussion and it seems to me that every question has been answered. There may be one or two questions outstanding.

Mr. SMITH (Calgary West): Is there not some provision in the Railway Act that when parliament gives authority to do certain things, issue bonds or borrow money, it must be done within a certain time? My recollection is hazy, but it strikes me that there is something in the Canadian National Railway Act or somewhere with respect to the time of sale of these securities.

Mr. ILSLEY: I have no recollection on the matter at all; I am not in a position to answer the question.

Mr. MAYHEW: This is the same kind of bill which has been going through each time since 1929. It is four years since the last one went through. Practically everything is identical in this bill to the last one that went through. It will give the department a better chance to know what they are to do or to plan a little ahead of what they are to do than to wait and have to come back to the house each time. This is not something that goes through the estimates every year as ordinary amounts do. It is a matter of financing as one would finance his own business. He looks ahead to see when he can best sell his bonds or buy them. This is exactly the same thing. The Department of Finance wants to be in a position to negotiate the securities.

Mr. SMITH (Calgary West): Will you sell the whole of them now?

Mr. HARKNESS: May I have an answer to this question? Apart from the general statement which the parliamentary assistant has just made as to why it is necessary for us to vote this money now when the railway will not need half of it until 1949, frankly I completely fail to see why we should vote $200 million which cannot be used until 1949 In fact it seems to me a little ridiculous.

Mr. MUTCH: Are we voting any money at all in this bill?

Mr. HARKNESS: Yes.

Mr. MAYHEW: The sum of $20 million will be required on February 1, 1948, and $25 million on February 15, 1948.

Mr. HACKETT: Is that New York?

Mr. MAYHEW: No; Canada.

Mr. ADAMSON: It still seems to me that we are asked to pass this bill with a scanty amount of information. In 1948, $45 million falls due and presumably will have to be refinanced. Although the parliamentary assistant has not said so, apparently $131 million in United States funds becomes callable in 1949. In other words, it becomes possible to call the bonds to the extent of $131 million. We are asked to pass this bill now authorizing the government to raise $200 million, the bulk of which will not be needed or it will not be possible to use it until 1949. The government may say, we are prepared or we desire to borrow in the money markets of the world in order to meet these obligations when they do fall due; or they may say, we wish to have this bill passed so that we may do this. The parliamentary assistant has not said that. But we have three possibilities: We can deplete our fast vanishing supply of hard currency in setting up a reserve for this $131 million; we can do it on the open market in New York and buy United States currency with Canadian dollars at a discount, or we can borrow United States dollars in order to refund this $131 million. If we take the latter course we presumably are expecting to get a lower rate of interest than this $131 million of capital is now costing us. Therefore I suggest that the parliamentary assistant should tell us what rate of interest we are paying on the $131 million and whether he expects to borrow in the New York market to refund these bonds. Does he expect to deplete our rapidly vanishing hard currency reserves, or does he propose to go out into the open market and purchase United States funds?

Mr. MAYHEW: I cannot tell the hon. member what they will do; I could not tell him myself what I would do until the time came when these maturities were due and what the situation would be at that time. But we should be in a position where it can be handled to the best advantage. I did not say that there were $131 million. That was picked up; but I shall give the figures if required.

Mr. ADAMSON: Let us have the figures.

Mr. MAYHEW: These figures are quite lengthy, but I shall be glad to put the table on *Hansard,* so that hon. members can see

them in the morning. I think they will find I have already given the information which is in here. It may be convenient for hon. members to have them on *Hansard*.

Mr. ADAMSON: What is our net debt in hard currency?

Mr. MAYHEW: I do not know what the hon. member means by "net debt in hard currency".

Mr. ADAMSON: What is our net debt? How many of these bonds are payable either directly or by holders' option in New York or in United States funds?

Mr. MAYHEW: I gave that.

Mr. HARKNESS: $131 million.

Mr. MAYHEW: It totals $132 million and some odd: $8,629,000 payable in New York and $123,088,500 payable in Canada, London or New York. The two of these together total $132,717,500. If I have the consent of the committee I shall put the tables on *Hansard*.

The DEPUTY CHAIRMAN: Has the hon. member the consent of the committee?

Some hon. MEMBERS: Agreed.

Mr. MAYHEW: The tables are as follows:

CANADIAN NATIONAL RAILWAY COMPANY MATURING OR CALLABLE BOND ISSUES, 1947-1954

Maturity Date	Issue	Interest rate	Where payable	Amount outstanding
		p.c.		cts.
February 1, 1952 (callable February 1, 1948).	Can. Nat. Ry. Co. Dom. Gtd. Bonds...	3	Canada.....	20,000,000 00
February 15, 1953 (callable Feb. 15, 1948).	Can. Nat. Ry. Co. Dom. Gtd. Bonds...	3	Canada.....	25,000,000 00
Oct. 1, 1969 (callable Oct. 1, 1949)....	Can. Nat. Ry. Co. Dom. Gtd. Bonds...	5	Canada, London or New York	57,728,500 00
Feb. 1, 1970 (callable Feb. 1, 1950)...	Can. Nat. Ry. Co. Dom. Gtd. Bonds...	5	Canada, London or New York.	17,338,000 00
Apr. 2, 1950.....	Can. Northern Pac. Rly. guaranteed by Prov. of Br. Columbia.	4	London.....	798,055 48
July 1, 1950.....	Grand Trunk Western Railroad.....	4	London.....	655,336 00
Apr. 2, 1950.....	Can. Nor. Pac. Rly. gtd. by Prov. of British Columbia.	4½	London.....	1,154,052 13
July 1, 1950.....	Grand Trunk Western Railroad.....	4	New York.....	5,872,000 00
Oct. 1, 1950.....	Montreal and Prov. Line Rly.....	4	New York.....	200,000 00
Sept. 1, 1951.....	Can. Nat. Rly. Co. Dom. Gtd.....	4½	Canada, London or New York.	48,022,000 00
Jan. 15, 1959 (callable Jan. 15, 1954)...	Can. Nat. Rly Co. Dom. Gtd. Bonds...	3	Canada.....	35,000,000 00
Serially to August 1, 1947.....	Equipment Trust Series "O".....	2½	Canada.....	1,430,000 00
Serially to Sept. 15, 1953.....	Equipment Trust Series "P".....	2¾	Canada.....	3,600,000 00
Serially to July 1, 1949.....	Equipment Trust Series "Q".....	2½	Canada.....	1,950,000 00
Serially to July 1, 1951.....	Equipment Trust Series "G.T.W.".....	2½	New York.....	2,557,000 00
				221,304,943 61

RECAPITULATION:

Payable in Canada.....	86,980,000 00
Payable in London.....	2,607,443 61
Payable in New York.....	8,629,000 00
Payable in Canada, London or New York.....	123,088,500 00
	221,304,943 61

Mr. SMITH (Calgary West): May I make a remark that may clear up something? I have given the bill a little study and it seems to me that we have been talking at cross-purposes. I think what the bill says is this. It really authorizes the treasury to lend money on notes to the Canadian National Railways. That is what section 7 says. In the earlier sections, provision is made for assigning substituted securities for the securities which are paid in by the $200 million or such portion of the $200 million as may be decided on, so that tonight all we are asked to do is to authorize the borrowings on notes. "Notes" is the word used in section 7. In other words, the government gets a note from the Canadian National Railways for such portion of the $200 million as the railway wants to borrow from the government.

Mr. ILSLEY: No.

Mr. SMITH (Calgary West): I think that is exactly what it says.

Mr. ILSLEY: Why would the government be guaranteeing, then?

Mr. SMITH (Calgary West): I am coming to that. Against that borrowing we then have

securities issued by the railway which the government guarantees and, according to section 4, these securities may be mostly in kind or issued probably at any time the government chooses. I hope the parliamentary assistant to the minister will agree that I have now perhaps—I hope finally—found out just what the gist of the bill is. Therefore all that we are really doing tonight is authorizing a loan from the treasury up to the $200 million to the Canadian National Railways on notes. Then we also authorize the treasury to guarantee new securities in substitution for those which are brought in and cremated as is provided in the act. So far as I am concerned I have some confusion in mind. I thought the securities were to be sold immediately or something of that sort in order to take up this $200 million. That is not so. The $200 million is a loan on a note as it is used. Then the government guarantees the securities issued by the railway company to take up the reclaimed outstanding bonds, or whatever they are. Having regard to our exchange situation—and this may be an amateurish suggestion—would it not be worth while considering the issue of new securities payable in New York in United States dollars at a discount, and thus, for the present at least, avoid paying bonuses—of ten per cent, as it is at the present time—in New York to get the United States dollars to pay off our present securities? That may not be a good suggestion, but it is one which has occurred to me.

Mr. MAYHEW: The hon. member has put the situation exactly as I understand it. This is an enabling bill. The government may lend the railway company money, or the railway company may borrow from the public money which the government will guarantee. As I said two or three times, that is all we are doing. We are not rushing out now to buy. It is enabling legislation so that we can convert these as they come due, and to the best advantage. The suggestion made by the hon. member will certainly be considered when these transactions take place.

Mr. ADAMSON: Does this refinancing, or whatever it is called, include rolling stock trust certificates? In other words, does it include refinancing through repayments of loans to organizations such as the Guaranty Trust Company, which has the ownership of much of the rolling stock of the Canadian National Railways?

Mr. MAYHEW: The hon. member will see the items when he gets his copy of *Hansard* tomorrow. It is in the table I have placed on record.

Mr. ADAMSON: But it does include those?

Mr. MAYHEW: Yes.

Mr. ADAMSON: That is the type of security.

Mr. MAYHEW: Yes, some of them.

Mr. HACKETT: Did the parliamentary assistant say that a similar bill is passed every year?

Mr. MAYHEW: No, not every year. The last one was passed in 1944, but it was for a similar amount, and the sections in this bill are exactly the same as they were in the former one.

Mr. HACKETT: But is there any limitation as to the period during which the legislation is valid? If not, why do we have to renew the legislation now.

Mr. MAYHEW: The limitation is the amount; and there is also another limitation in that the last one comes due in 1954. So that it will all have to be paid by that time.

Mr. ADAMSON: One more question; do any of these bonds being refinanced include long-term securities which might have a gold clause in them? If so, does the government propose to repay some of these securities, if they exist, under the terms of that clause? Some of the old bonds did have a gold clause in them.

Mr. MAYHEW: I am informed that some of them have a gold clause in them. But a gold clause act has abrogated that. It has not been paid in gold since 1932 or 1933, I believe it was.

Mr. ADAMSON: Is that our act or the United States act? I ask that question because I am not familiar with the act abrogating the payment. I know the Americans did it, but I did not know we had done it; that we had an act abrogating paying of gold securities held by nationals of other countries. I know we did it to our own nationals, but I did not know we did it to the nationals of other countries.

Mr. SMITH (Calgary West): We could not, of course.

Mr. MAYHEW: I am informed it was passed by congress and also by ourselves in 1932 or 1933.

Section agreed to.

Sections 2 to 6 inclusive agreed to.

On section 7—Loans authorized to national company not exceeding aggregate amount of $200,000,000.

Mr. SMITH (Calgary West): If the parliamentary assistant will look at subsection 2 he will see that it states:

Should any such temporary loans be made within the limits aforesaid, substituted securities may subsequently be issued and guaranteed under the provisions of this act to repay such loans or any part thereof.

Obviously the securities there contemplated are not the securities contemplated in the first part of the bill. If we look at section 3 we find that it says:

. . . the national company may issue notes, obligations, bonds, debentures, or other securities...

That is, in substitution of loans, irrespective of whether they are bonds, or whatever securities they may be, which are paid off. Then we have ample power to do that.

Then subsection 2 of section 7 says that should any such temporary loans be made within the limits aforesaid, the substituted securities may subsequently be issued. Is that two sets of securities, or do we require that last bit at all?

What I had in mind was this, that the earlier section made provision for the railway issuing securities known as substituted securities. They are issued to take the place of securities which have been reclaimed. That being so, I do not see the object of section 7 (2). Obviously it is not to those earlier securities that this applies. I assume that it may be a security of the railway to the government. Perhaps that is it.

Mr. MAYHEW: Subsection 2 is the same as section 7 (2) of the act passed in 1944. It makes it quite clear that if the dominion government makes a temporary loan the company securities of the railway company guaranteed by the dominion may be issued to pay off the temporary loan.

Mr. SMITH (Calgary West): That is a security then, in favour of the government.

Mr. ILSLEY: It is separate from the railway. The railway is a corporation and the government is a government. I think the situation is clear. Section 2 provides that the governor in council may make provision for refunding; section 3 provides that the railway may issue these substituted securities; and section 7 provides that, in the meantime, the railway may temporarily borrow money from the government. Then, when the railway does issue substituted securities it takes part of the proceeds or all the proceeds and pays off the government. And the government may guarantee the repayment of substituted securities to the lender.

[Mr. Mayhew.]

Mr. SMITH (Calgary West): We have already done that. This latter section is to take care of the loan from the government to the railway.

Mr. ILSLEY: The temporary loan.

Mr. SMITH (Calgary West): Yes, the temporary situation. Then the substituted securities may be issued and guaranteed by the provisions of the act. As I understand it, if I am correct, we have already issued substituted securities to take care of the $200 million, or of that part of it we are redeeming. That has already been done under section 3. Then I gather, if I am correct, that we have no money left there, and that we then issue further securities to guarantee the repayment of the loan to the government. Is that the situation? It seems to me that we are doing it otherwise.

Mr. ILSLEY: No. I speak subject to correction, because I am simply reading the bill and putting my interpretation on the language of it. It appears to be clear to me.

Mr. HARKNESS: The minister is in the same unfortunate position as we are in. We read it and wonder.

Mr. ILSLEY: The bill seems clear to me. I do not understand that part of the remarks of the hon. member for Calgary West (Mr. Smith) when he assumed a situation in which substituted securities had already been issued; that is, issued before the government made the advance. That is not contemplated by this legislation. I suggest that when sections 2, 3 and 7 are read together, the normal course of procedure would be that the government would perhaps make a temporary loan to the railway for the railway's purposes. The railway would then proceed with refunding operations; when they were completed, securities called substituted securities would be issued to the lender by the Canadian National Railways. Those substituted securities would normally be guaranteed by the government, and out of the proceeds of those substituted securities the government would be paid off by the Canadian National Railways the amount of the government's temporary loan to the Canadian National Railways.

Section agreed to.

Bill reported.

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

Mr. MACKENZIE: Now.

Mr. KNOWLES: At the next sitting of the house.

Mr. ILSLEY: On third reading?

Mr. KNOWLES: Yes.

Mr. ILSLEY: There is no amendment.

Mr. MACKENZIE: I refer the hon. member to standing order 77.

Mr. KNOWLES: We went through this once before this evening. Standing order 73 provides as follows:

Every bill shall receive three several readings on different days previously to being passed.

Mr. MACKENZIE: Read standing order 77.

Mr. SPEAKER: I would call to the attention of the hon. member that this bill was not today read for the second time. It was considered in committee of the whole today. Therefore, according to the rules, it could be read for the third time.

Mr. KNOWLES: I object.

Bill read the third time and passed.

WAR CHARITIES ACT, 1939

AMENDMENT CONFINING PROVISIONS OF ACT TO FUNDS ALREADY REGISTERED

Hon. PAUL MARTIN (Minister of National Health and Welfare) moved the second reading of Bill No. 205, to amend the War Charities Act, 1939.

Mr. FLEMING: The house is travelling a little behind schedule tonight, and I appreciate that the government may wish to have the bill disposed of in the few remaining minutes, if possible.

In the first place, I draw attention to the fact that this bill is an inevitable kind of bill, because the position of charities must revert at some time or another to the situation which existed prior to the war. The purpose of the bill is, therefore, such that it deserves the support of the house in so far as it seeks to close the class of charities to which the War Charities Act applies and which must submit to registration in accordance with the act before they are entitled to seek moneys by way of subscription.

The explanatory note I suggest, Mr. Speaker, overstates the effect of the bill. The bill provides that the application of the act shall be confined to war charities established prior to the coming into force of the act. Of course there is a difference between establishing the fund and submitting it to registration, and the explanatory note says that the effect of the amendment is, therefore, to confine the provision of the act to funds already registered for the purpose of complete administration of such funds and to free from the provisions of the act any new funds which would otherwise require to be registered. As the bill stands, of course it cannot have that effect because the effect of the bill as it now reads is to limit the effect of the act to charities established, whether registered or not, prior to the coming into force of the act. If the intention is as stated in the explanatory note, then I suggest that the bill will have to be amended when the house goes into committee. It may be that there are some new charities which are within the scope of the act but are not yet registered, since the 1945 amendment extended the scope of the War Charities Act to include funds to be used for the purpose of providing war memorials. Perhaps the minister can deal with that when he speaks.

There is one other matter—

Mr. MARTIN: So that we may save time, the provision is intended to apply to anything that is not already a registered charity, war memorial or otherwise.

Mr. FLEMING: Then I suggest to the minister that when we get into committee the word "established" should be amended to read "registered", and that will clarify it.

There is one matter that, I think, does call for some explanation. Section 12 of the Department of National War Services Act requires that an annual report be submitted to parliament, but the last report issued by this department covering the administration of war charities is the report for the fiscal year ended March 31, 1945. The administration of this act was transferred from the Minister of National War Services to the Minister of National Health and Welfare by P.C. 134, dated January 14, of this year. That does not, I submit, override the requirement of the act in connection with annual reports to parliament. A report for the fiscal year ended March 31, 1946, should have been submitted long ago, and none has yet been submitted.

Mr. SMITH (Calgary West): Does the minister not think we should change that word to "registered"?

Mr. MARTIN: Yes.

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

Some hon. MEMBERS: Carried.

Mr. HACKETT: No, no. There is an amendment.

Mr. FLEMING: The amendment is for the committee. It can be raised in committee.

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

On section 1—War Charities Act, 1939, to apply only to a fund established prior to this act.

Mr. MARTIN: I am very happy to accept the suggestion made by the hon. member for Eglinton that section 1 be amended in the second last line by substituting for the word "established" after the word "fund", the word "registered".

Mr. MACKENZIE: I move accordingly.

Amendment agreed to.

Mr. FLEMING: Has the minister anything to say on the subject of the report and as to when the report may be expected? I appreciate that the administration of this act is in its closing stages, but parliament should have some assurance that the report required by the statute will be soon forthcoming. It is long overdue now.

Mr. MARTIN: It will be. I will deal with the matter on the estimates.

Mr. FLEMING: When will that be?

Section as amended agreed to.

Title agreed to.

Bill reported, read the third time and passed.

FISHERIES RESEARCH BOARD

PROVISION FOR SCIENTIFIC, TECHNICAL AND OTHER OFFICERS AND EMPLOYEES

Hon. H. F. G. BRIDGES (Minister of Fisheries) moved the second reading of Bill No. 264, to amend the Fisheries Research Board Act.

Mr. REID: Since I have extended remarks to make on this bill, Mr. Speaker, I move the adjournment of the debate.

Motion agreed to and debate adjourned.

On motion of Mr. Mackenzie the house adjourned at 10.56 p.m.

Monday, June 9, 1947

The house met at three o'clock.

THE KING'S BIRTHDAY

RESOLUTION EXTENDING GREETINGS AND GOOD WISHES TO HIS MAJESTY

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, as today has been set apart for the official observance in Canada of His Majesty's birthday I am sure it will be the wish of all hon. members that an expression of their good wishes be extended to His Majesty, King George VI, from this House of Commons. I have had a word this morning with my friend the leader of the opposition (Mr. Bracken) and he and I have agreed on a resolution which we are sure that hon. members will be pleased to support. I would suggest that after the motion has been put by His Honour the Speaker, and any other hon. members who may wish to speak to the motion have addressed the house, we should signify our approval of it by the singing of *God Save the King*.

The motion, seconded by Mr. Bracken, is as follows:

That an humble address be sent to His Majesty, King George VI, in the following words:

"To the King's Most Excellent Majesty:
Most Gracious Sovereign:

We, the members of the House of Commons of Canada in parliament assembled, desire respectfully to extend to Your Majesty, on this day set apart for the celebration in Canada of the King's birthday, our loyal greetings and heartfelt good wishes. We pray that Divine Providence may continue to guide and protect Your Majesty and that you may be given strength to meet in the future as you have in the past the great responsibilities of your high office."

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I am very happy to associate myself with the Prime Minister (Mr. Mackenzie King) in this resolution. I am pleased also to associate the party I lead with the good wishes it expresses to His Majesty the King.

This is a resolution which does not need the support of argument in order to secure what I trust will be the unanimous approval of this house. The crown in all parts of the commonwealth has come to mean to us more than a hereditary position, more than royalty, more than kingship as we have known it in the past. The crown has come to mean a continuing democracy, no matter how often governments change, and no matter what party is in power. Members of the commonwealth may differ in many things, but there is one thing in which they do not differ, and that is in the respect we have for the person of His Majesty the King and the high regard we have for the crown as we have come to know it. I am very happy indeed to have this opportunity of associating this group with the spirit of the resolution.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, may I just say that we of this party wish to associate ourselves with the

expressions of loyalty and good wishes which have been extended to His Majesty the King, the symbol of our unity within the commonwealth of nations.

Mr. SOLON E. LOW (Peace River): I am sure that I speak for every member of this group when I say that we are happy to join with others in support of the resolution proposed by the Prime Minister. It is most fitting at this time that we all unite in expressing our good will and felicitations to the crown in the person of the king, and to assure him of our united loyalty to the great ideals for which Britain has stood for so many years.

(Translation):

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, I wish to mark the bilingual character of this house in associating myself and all those whose mother tongue is mine with the feelings expressed in the resolution moved by the Right Hon. the Prime Minister (Mr. Mackenzie King) and seconded by the Leader of the Opposition (Mr. Bracken).

(Text):

Motion agreed to.

(The members rose and sang *God Save the King.*)

PRICE CONTROL

FURTHER LIST OF ARTICLES AND SERVICES REMOVED FROM CEILING AND RATIONING

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, I wish to inform the house that effective today a further list of articles and services has been removed from price ceiling and rationing controls. The list is much shorter and less important than at previous stages of the decontrol programme. The main groups are, first, certain products which it is desirable to remove from control now because of seasonal factors; secondly, a number of metals which show signs of having settled at price levels on world markets substantially above those prevailing in pre-war years; and, thirdly, restaurant meals.

The most important foodstuffs released from price control are dairy products of all kinds, including butter, cheese, evaporated milk and ice cream. These products are now at their seasonal peak of production and price ceilings can therefore be removed with minimum danger of significant price increases. At the same time butter is removed from the list of rationed foods.

Honey, being subject to the same seasonal factors, is removed from both price control and rationing. All jams, jellies and marmalades are also being derationed but price controls are being retained on strawberry and raspberry jam and any jam containing strawberries or raspberries.

Eggs were removed from price control several weeks ago. Because of good supplies it has now been decided to remove ceilings from poultry and poultry products of all kinds. Canned soups and salt are also released from price ceilings.

With respect to clothing, home furnishings and household equipment and supplies, the items removed from control are of relatively minor importance, and I shall not take the time of the house by listing them.

All agricultural equipment and supplies remain under the ceiling, with the exception of brooders, incubators and other poultry equipment for which the current season is past. Hay, which will soon be at its season of high production, is free from control.

The new order provides for the removal of only three items in the list of construction products, namely, hardwood lumber and plywood made wholly of hardwood and hardwood veneers. This action has been taken, first because practically all end-products have already been removed from control, and, second, because increased production in the United States, accompanied by some recession in United States prices, is now reducing the cost of hardwood imported into Canada. Millwork of all kinds remains under control.

In the metals field, the new order removes from control lead, copper and zinc, leaving under control only primary and secondary tin and alloys containing more than 95 per cent tin. World prices of lead, copper and zinc appear to have settled fairly steadily at levels considerably above pre-war. Since practically all the end-products which embody these metals have already been removed from control, this appeared to be a logical time to complete the process of decontrol of these items.

The only other important change is to free from control the supplying of meals and refreshments in all public eating places. The government has had to recognize the fact that during the past few months most of the costs which enter into restaurant meals either have been decontrolled or, as in the case of meat, butter, sugar, shortening and rents, have had authorized price increases. The government considers the time now appropriate to take this further step.

PETITION

REQUEST FOR A BILL OF RIGHTS

Mr. ALISTAIR STEWART (Winnipeg North): The right of petitioning the crown and parliament for redress of grievances is acknowledged as a fundamental principle of the constitution. Since the ordinary citizen has no right to appear personally before the House of Commons, I have been asked to present to this house a petition signed by 500,967 Canadians asking for a bill of rights. I now present the petition, although I do not agree with the religious views of the organization which promoted it.

CRIMINAL CODE

RACE MEETINGS—ADMINISTRATION AND SUPERVISION OF PARI-MUTUEL BETTING

Right Hon. J. L. ILSLEY (Minister of Justice) moved the first reading of Bill No. 268 (from the senate) to amend the criminal code.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

WARTIME HOUSING LIMITED

Mr. NICHOLSON:

1. What has been the total capital invested by Wartime Housing Limited as of March 31, 1947?
2. What were the total receipts by way of rentals since Wartime Housing Limited commenced operations?
3. What were the total expenses in connection with wartime housing?
4. How many houses have been offered for sale by Wartime Housing Limited?
5. How many of these houses have been sold?
6. At what price per unit were these houses sold?

Mr. HOWE:

1. $118,524,969.08.

2. To March 31, 1947—$33,801,053.68.

3. To March 31, 1947—$21,334,881.68.

4. As of May 15, 1947—1,940.

5. As at May 15, 1947—727.

6. Where property was leased by Wartime Housing Limited, and houses sold to owners of the property, or houses sold for removal, prices range from $1,200 to $1,800, depending on the type of house.

Where property was owned by Wartime Housing Limited and houses sold to tenants with the property, price ranges depending on the type of house are as follows:

(1) Munition workers' houses from $2,300 to $3,500.

(2) Munition workers' houses (with basement) from $3,105 to $5,696.

(3) Servicemen's houses from $2,950 to $4,400.

NAVAL SERVICE—VESSELS AND PERSONNEL

Mr. STIRLING:

1. What are the names of the cruisers now in commission?
2. What ships' companies do they carry (a) officers; (b) petty officers; (c) ratings?
3. How many cruisers are not in commission and where are they?
4. How many are employed in their maintenance?

Mr. STIRLING:

1. What are the names of the corvettes now in commission?
2. What ships' companies do they carry (a) officers; (b) petty officers; (c) ratings?
3. How many corvettes are not in commission and where are they?
4. How many are employed in their maintenance?

Mr. STIRLING:

1. What are the names of the frigates now in commission?
2. What ships' companies do they carry (a) officers; (b) petty officers; (c) ratings?
3. How many frigates are not in commission and where are they?
4. How many are employed in their maintenance?

Mr. STIRLING:

1. What are the names of the destroyers now in commission?
2. What ships' companies do they carry (a) officers; (b) petty officers; (c) ratings?
3. How many destroyers are not in commission and where are they?
4. How many are employed in their maintenance?

Mr. STIRLING:

1. What are the names of the mine sweepers now in commission?
2. What ships' companies do they carry (a) officers; (b) petty officers; (c) ratings?
3. How many mine sweepers are not in commission and where are they?
4. How many are employed in their maintenance?

Mr. STIRLING:

1. What are the names of the aircraft carriers now in commission?
2. How many aircraft are maintained on board of each?
3. What ships' companies do they carry (a) officers, naval and air; (b) petty officers, naval and air; (c) ratings, naval and air?
4. When the expected aircraft carrier arrives, how many carriers will be retained in commission, and on which coast?
5. Will the carrier and aircraft be owned by Canada?

Mr. CLAXTON: With reference to these six questions having to do with the Canadian navy, it is not considered in the public interest to give the names, locations and strengths of ships in the Canadian navy in detail. There is no objection, however, to giving the total strength of the Royal Canadian Navy, which today stands at 7,386, of which 1,202 are officers and 1,845 are chief and petty officers. Of these 3,590 are on the complements of ships.

As was announced in the house last Monday by myself, Canada at present has one aircraft carrier, the *Warrior,* on loan from the United Kingdom, and this will be replaced at the end of the year by the *Magnificent,* which will also be on loan from the United Kingdom.

We own two cruisers, the *Uganda* and *Ontario.* The *Ontario* will be commissioned in July when the *Uganda* will be placed in reserve. We have ten destroyers, of which five are in commission and one is awaiting disposal. We have fifteen frigates, of which ten are for disposal and one is in commission. We have nine minesweepers, of which one is for disposal and four are in commission.

In understand that, with the information contained in the statement I have just given, the hon. member for Yale is agreeable to accepting the questions as being answered or dropped.

NAVAL SERVICE—RESERVE DIVISION TRAINING ESTABLISHMENT

Mr. STIRLING:

1. How many (a) officers; (b) petty officers; (c) ratings, are employed in naval establishments at Esquimalt, Vancouver, Halifax, Ottawa and Sydney, Nova Scotia?

2. How many (a) officers; (b) petty officers; (c) ratings, are attached to the reserve divisions across Canada?

3. What is the strength of each reserve division training establishment?

Mr. LAPOINTE:

	(a)	(b) Chief and Petty	(c)
1. Locality	Officers	Officers	Ratings
Esquimalt	185	318	416
Vancouver	2	16	16
Halifax	279	376	420
Ottawa	198	25	53
Sydney	2	..	..
Total	666	735	905

NOTE: The above figures do not include any reserve personnel borne in naval divisions in the above localities.

2. (a) 499, (b) 428, (c) 1766.

3. Locality	Officers	Chief and Petty Officers	Other Ratings
Saint John, N.B.	23	18	67
Ottawa	19	13	71
Kingston	26	14	57
Prince Rupert .	7	13	11
Winnipeg	42	57	177
Vancouver	39	19	80
Montreal	47	47	240
Port Arthur ...	16	20	34
Windsor	12	19	25
Quebec	13	11	110
Edmonton	33	17	79
London	17	12	80
Regina	5	16	17
Charlottetown	10	10	19
Hamilton	34	27	181
Calgary	22	18	70
Saskatoon	16	27	114
Toronto	89	46	190
Victoria	10	9	9
Halifax	19	15	135
Total	499	428	1,766

CANADIAN NATIONAL RAILWAYS—PENSIONS TO EMPLOYEES

Mr. KNOWLES:

1. Do any former employees of the Canadian National Railways, now retired receive pensions from the United States as well as pensions from Canada because of international service? If so, how many?

2. Is any deduction made from the Canadian pension of such persons by reason of pension rights earned in the United States?

3. If so, what is the basis of such deduction, what is the average amount, and for what reason is such deduction made?

4. How many present employees of the Canadian National Railways are earning pension rights in both the United States and Canada because of international service?

5. Is there any curtailment of the Canadian pension rights of said employees because of pension rights earned in the United States?

6. If so, on what basis, how much is to be deducted, and for what reason is it done?

Mr. CHEVRIER:

The Canadian National Railways advise as follows:

1. Yes. 265.

2. By agreement dated May 31, 1937, between the Canadian National Railway Company and the general chairmen of the employees' committees it was agreed that a coordinated pension would be paid to all Canadian National railway retiring employees who had been engaged in international service on the following basis:

(a) Such employees to be entitled to contribute to the railway pension fund on earnings for services performed in Canada. They are required by the U.S. Railroad Retirement Tax Act to contribute to the U.S. railroad retirement fund on earnings for services performed in the United States. Such contributions (within certain limits) to be matched by the railway.

(b) On retirement they receive a coordinated pension equal to what they would receive if all their service had been in Canada and if contributions paid into the U.S. railroad retirement fund had been paid into the railway pension fund. The proportion payable by the railway is the difference between this coordinated pension and the amount awarded by the U.S. railroad retirement board.

3. See answer to question 2. Without such a coordinated pension international employees would have been in a more favourable position than employees who served wholly in Canada or wholly in the United States.

4. 1,347 in the month of April, 1947.

5. See answers to questions 2 and 3.

6. See answers to questions 2 and 3.

WARTIME HOUSING—PETERBOROUGH

Mr. FRASER:

What is the total amount of moneys received by the Wartime Housing for rents from the following wartime houses in Peterborough, Ontario, from the date they were first rented until March 31, 1947: (a) rents from 4-room bungalows in project No. 1, rents from 6-room houses in project No. 1, rents from 4-room (large) bungalows in project No. 1; (b) rents from 4-room bungalows in project No. 2, rents from 6-room houses in project No. 2, rents from 4-room (large) bungalows in project No. 2; (c) rents from 4-room bungalows in project No. 3, rents from 6-room houses in project No. 3, rents from 4-room (large) bungalows in project No. 3; (d) rents from 4-room bungalows in project No. 5, rents from 6-room houses in project No. 5, rents from 4-room (large) bungalows in project No. 5; (e) rents from 4-room bungalows in project No. 8, rents from 6-room houses in project No. 8, rents from 5-room bungalows in project No. 8?

Mr. HOWE: In connection with the question I have a letter from Central Mortgage and Housing Corporation, of which I shall read one paragraph, as follows:

We have at present a total of 658 wartime houses in Peterborough. The only form of record which shows both the type of house and the actual rentals received is the tenant's rent ledger card. I am sure you will appreciate that during the life of a project there is a considerable turnover of tenants and that we might well have an average of five tenant cards per house to review to compile the data required. The tenant's rent ledger cards would show all moneys collected as rents from the individual tenants but it would be necessary to total the various entries of these cards to compile the required answer. I am sure you will agree that to have this done in overtime periods by a staff that is already worked to capacity would take several weeks.

I suggest that perhaps the hon. member will reword his question. It has been suggested that we can give the total gross rent receipts from wartime houses rented in Peterborough.

Mr. FRASER: The gross rent receipts for each type of house in each project would be sufficient.

NATIONAL DEFENCE—MOTOR VEHICLES—C.M. DEPOT, HAGERSVILLE, ONT.

Mr. LENNARD:

1. How many motor vehicles were at C.M. depot, Hagersville, as of May 1, 1947?

2. How many in each classification?

3. How many of these were (a) new (never been used); (b) reconditioned; (c) beyond repair?

4. What disposition is to be made of these motor vehicles?

Mr. LAPOINTE:

1. 7,097.

2. (a) Engineer, technical and armoured vehicles, 2,569; (b), personnel and load carrying vehicles, 4,528.

3. (a) 3,769; (b), 3,227; (c), 101 in process of disposal to War Assets Corporation.

4. (a), 6,996 to be distributed to active and reserve units of the navy, army and air services as required; (b), 101 to War Assets.

CIVIL SERVICE—WAR DUTIES SUPPLEMENTS

Mr. LOCKHART:

1. What are the names of temporary and permanent civil servants in the city of Ottawa who did not receive payment of war duties supplements in (a) the Department of Mines and Resources; (b) National Film Board; (c) War Assets Corporation; (d) Department of Transport?

2. Who recommended payment of war duties supplements in the above-mentioned departments?

3. What constituted eligibility for the payment of war duties supplements?

4. Why were war duties supplements not paid to all employees of the departments mentioned?

Mr. HOWE: I can answer this as it affects the Department of Mines and Resources. There are about ninety members on the staff of mines and resources out of some 6,000 who received war duties supplements. If my hon. friend would reword his question and ask for the names of those who received the supplement it would be much simpler than to give the names of those who did not.

Mr. LOCKHART: Stands.

Question stands.

CANADA-AMERICAN DEFENCE BOARD

Mr. McKAY:

1. What are the duties of the Canada-American defence board in peace time?

2. Who are Canada's representatives on this board?

3. What is their tenure of office?

4. How much salary and expenses is each member allowed yearly?

Mr. ST. LAURENT:

1. The permanent joint board on defence was established in 1940 by the Prime Minister of Canada and the President of the United States in order to facilitate the consideration of common problems related to the defence of the northern half of the western hemisphere. As indicated in the Prime Minister's statement in the House of Commons of February 12, the board continues to make recommendations to the two governments concerning defence co-operation between Canada and the United States.

2. General the Hon. A. G. L. McNaughton, chairman, Major General C. C. Mann, army member, Acting Commodore F. L. Houghton, naval member, Air Vice Marshal W. A. Curtis, air member, Mr. S. F. Rae, secretary.

3. Members of the Canadian section of the permanent joint board on defence are appointed by order in council.

4. No salary is paid to members of the board for their work on the board. Three or four meetings are held annually either in Canada or in the United States, the expenses of which are met by the individual departments concerned.

HEALTH AND WELFARE—HOSPITAL DESIGN DIVISION

Mr. BREITHAUPT:

1. What is the function of the hospital design division of the Department of National Health and Welfare?

2. Since the inception of this division, how many requests have been received for designs or information regarding active treatment hospitals?

3. How many requests have been received for assistance in replanning existing hospitals?

4. What other information besides active treatment hospital plans has been supplied by the hospital design division?

Mr. MARTIN:

1. To collect, tabulate and make available to the provinces the most recent information regarding the planning of hospitals and other health institutions, and to be prepared to study problems of design and construction in the provinces.

2. Thirty-three.

3. Nine.

4. (a) Preliminary plans for an 85-bed pediatric hospital; (b) Preliminary plans for 60-bed and 120-bed tuberculosis sanatoria and also for nurses' residence: (c) Design of a chest operating suite for a teaching hospital.

BARCLAYS BANK (CANADA)—RESIGNATION OF CANADIAN DIRECTORS

Mr. POULIOT:

1. During the summer of 1946, did five Canadian directors of Barclays Bank (Canada) tender their resignation from the board of directors of the said bank on account of a difference of opinion with its head office in England concerning a fundamental policy?

2. If so (a) who were the said directors; (b) have they informed the finance department of the subject of such difference of opinion?

3. If so, what was the subject of such difference of opinion?

Mr. MAYHEW:

1. In accordance with the provisions of section 113 (1) of the Bank Act, Barclays Bank (Canada) advised the Minister of Finance that on August 6, 1946, the following directors had resigned: Mr. A. A. Magee; Hon. L. A. Taschereau; Hon. J. L. Ralston; Mr. Henry Borden; Mr. J. C. Cushing.

No reasons were given for the resignations.

2 and 3. Answered by No. 1.

VETERANS AFFAIRS

BUSINESS AND PROFESSIONAL LOANS—PROVISIONS WITH RESPECT TO PARTNERSHIPS

Hon. DOUGLAS ABBOTT (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 amend the Veterans' Business and Professional Loans Act to provide for the making of guaranteed loans to veterans already established in partnership businesses for expenditure by the partnership and to enable a veteran to include as part or all of his cash requirements under the act, moneys expended by him in connection with his business between the date of assent to the bill and the date of proclamation of the 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.

BUSINESS OF THE HOUSE

SITTING TO OPEN AT 2.45 P.M. ON TUESDAY

Right Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved:

That the house shall meet at 2.45 o'clock, p.m., on Tuesday, June 10 instant, notwithstanding standing order No. 2 in relation thereto.

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REVISED EDITION

He said: The reason for this motion is the observance of certain national and international courtesies.

Motion agreed to.

IMMIGRATION

ADMISSION OF DISPLACED PERSONS FROM EUROPE

Right Hon. C. D. HOWE (Acting Minister of Mines and Resources): Mr. Speaker, I should like to bring to the attention of the house an order in council, P.C. 2180, relating to immigration. The order provides for the immediate admission to Canada of 5,000 persons from the displaced persons' camps of Europe.

The 5,000 individuals to be covered by this order will include those displaced persons who have already been admitted. They need not be relatives of residents of Canada. The new order is designed as a further Canadian contribution to the solution of the general problem of the displaced persons.

In the selection of displaced persons, priority will be given to those persons who have skills and aptitudes which will make them capable of absorption in industries where there is a reasonable guarantee of steady employment. In the light of the existing housing situation, priority will also be accorded to single persons.

In discussing this matter in the past the Canadian government has taken the attitude that we would be prepared to do our full share, along with other countries, whenever an international agreement could be reached on the disposal of the persons in these camps. With that end in view, we have supported the work of the international committee on refugees and have taken a prominent part in the negotiations leading to the establishment of the international refugee organization.

We had hoped and expected that more rapid action would have been possible in connection with the organization of the I.R.O. and that this would have facilitated the early conclusion of an agreement on the disposal of the displaced persons. However, one delay after another has occurred and it now looks as though it would still be a matter of some months before the I.R.O. is established and is able to work out the terms of an international agreement.

Rather than wait for the initiation and the completion of the negotiations for a general attack upon the refugee problem, the government has decided to make this initial contribution to the solution of the problem.

The number of persons admitted as a result of this initiative will, of course, be deductable from any general quota that Canada agrees to accept following the international discussions on this subject.

As has been repeatedly pointed out, the greatest present difficulty in the way of a major immigration movement to Canada is the lack of shipping. I am now glad to be able to report that the government hopes to be able to arrange for the conversion for immigration purposes of a vessel received on reparations account from Germany. In addition, we are continuing our efforts to obtain more space for immigrants on vessels under the control of the I.G.C.R. or provided by the British ministry of transport.

With regard to the plans for the selection, transportation and distribution within Canada of the persons covered by the new order, it has been arranged that the handling of these matters outside Canada will be under the control of the immigration branch of the Department of Mines and Resources; and within Canada, under the control of the Department of Labour. In carrying out its work of selection and transportation the immigration service will be assisted by representatives of the Department of Labour, and in arranging for the distribution of the new immigrants throughout Canada the Department of Labour will receive assistance from the officers of the immigration service within this country. It is expected, for example, that the immigration buildings in several of our larger cities will be used as distribution centres in which the new immigrants may be initially received, and from which they may be sent on to their ultimate destination.

The government does not, of course, consider that this initiative will meet the full Canadian responsibility in relation to the displaced persons. We do believe, however, that it is a contribution towards the solution of this very grave problem and is a recognition of our moral obligation to contribute to a solution.

Mr. GRAYDON: Can the Acting Minister of Mines and Resources tell the house when the immigration of the Dutch farmers is likely to begin? Prominent Ontario agriculturists have asked me about it. They think there is undue delay in these Dutch people coming in. Can the minister make a statement?

Mr. HOWE: The matter is entirely one of transportation. I shall be glad to make inquiries as to the present position and reply to my hon. friend tomorrow.

Mr. GREEN: I should like to ask a question arising out of the minister's statement. Will the cost of transportation be paid by the Canadian government?

Mr. HOWE: No. The cost of transportation by ship is paid by the international relief organization.

Mr. COLDWELL: The intergovernmental committee?

Mr. HOWE: Yes.

Mr. HACKETT: Will the Acting Minister of Mines and Resources state whether any of the 5,000 immigrants to whom he refers will be suited by training and inclination for domestic service?

Mr. HOWE: Ways and means of obtaining suitable persons for domestic service are now being studied. I think I can assure my hon. friend that immigrants of that class will be among those who will be brought here.

Mr. COLDWELL: May I ask the minister if the agreement with the intergovernmental committee to pay transportation applies from now on, or whether it is in any respect retroactive?

Mr. HOWE: I understand that transportation by ship has been available from the organization since the commencement of the movement, and was available, as a matter of fact, to the extent of the cost of transportation by ship in the movement sponsored by the hon. member for Beauce (Mr. Dionne).

Mr. BRACKEN: The Minister of Reconstruction has intimated that 5,000 immigrants are being allowed to come in from the displaced persons camps in Europe. Has he the latest estimate of the number of displaced persons in Europe now; and can he—perhaps not today, but later—give us some idea of what other countries are doing to help solve that problem?

Mr. HOWE: I understand that the number of displaced persons in camps is about 850,000. Ours is a small contribution towards Canada's share of the problem. I shall be glad to make a further statement after I have consulted with officers of the department.

PARLIAMENT HILL

REGULATION OF TRAFFIC AND PARKING

On the orders of the day:

Mr. KARL HOMUTH (Waterloo South): I wish to ask the Minister of Public Works if something cannot be done to stop cars from speeding around the parliament buildings and on the roads leading to the gates of the parliament buildings. Automobiles come around those curves at high speed. Some of us are not as young as we used to be and cannot step in as lively a manner as we could a few years ago. This is really a serious matter; I have seen some near accidents.

Hon. ALPHONSE FOURNIER (Minister of Public Works): I will take note of the remarks made by the hon. member and give instructions that if there is any speeding it is to be stopped.

Mr. COLDWELL: May I ask the Minister of Public Works if he will at the same time take into consideration the strengthening of the hands of the mounted police who look after the automobiles around this building? They tell me they have not the power to supervise their disposition.

Mr. FOURNIER (Hull): There is a statute, which was passed in 1930, regulating traffic on government-owned property. We never had any difficulty until this year, when some people complained about the parking space which was allotted to members and officials. One went so far as to say that the statute did not give the mounted police authority to prosecute those who did not follow the regulations. I myself am not too sure whether the statute does give the mounted police the power to regulate motor vehicle traffic on parliament hill. I am having the officials of my department study those regulations. They have also been submitted to the Department of Justice. If we are not empowered under the actual statute to control or regulate automobile traffic on these grounds, we shall have to bring in a new statute which will give us that power.

Mr. GRAYDON: More legislation.

P.E.I. CAR FERRY

INQUIRY AS TO CHRISTENING OF S.S. "ABEGWEIT"

On the orders of the day:

Mr. J. W. MacNAUGHT (Prince): I wish to direct a question to the Minister of Transport. Can he say when the S.S. *Abegweit* will be christened?

Hon. LIONEL CHEVRIER (Minister of Transport): The present plans are to have the naming ceremony for the new Prince Edward Island car ferry on Saturday, June 28, next.

PRIVILEGE

MR. QUELCH—REFERENCE TO PRESS REPORT OF JUNE 7

On the orders of the day:

Mr. VICTOR QUELCH (Acadia): I rise to a question of personal privilege. On Saturday, June 7, the Ottawa *Journal* contained the following report:

Mr. Quelch said that he was becoming convinced that there was to be war with some country . . .

That is not my view, and I quote from page 3896 of *Hansard* of Friday, June 6, in order to show what I actually said:

To listen to some hon. members one would almost come to the conclusion that a war with some countries is imminent.

MR. MCIVOR—REFERENCE TO PRESS REPORT OF JUNE 7

On the orders of the day:

Mr. DANIEL McIVOR (Fort William): I rise to a question of privilege. On Saturday, June 7, a report in the *Globe and Mail* refers to something that I was not guilty of. Speaking of my speech, it says: "He sat down and turned his back on Mr. Pouliot." The hon. member for Temiscouata is an independent Liberal member and lives up to his reputation. I am often proud of him, and while I do not always agree with him I have nothing but respect for him.

MR. POULIOT—REFERENCE TO "GLOBE AND MAIL" OF JUNE 7

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): I thank my reverend deskmate for his kind reference, and I rise to a question of privilege with respect to the same article in the same paper. The report says:

Deputy Chairman Ross Macdonald (L. Brantford City), had to call for order several times as first Jean-Francois Pouliot (L. Temiscouata) and then several Social Credit M.P.'s insisted on discussing matters which were not before the house.

Then again he says:

After calling Mr. Pouliot to order several times, Deputy Chairman Macdonald pointed out—

And so on. Then the reporter repeated the same thing a third time in regard to the hon. member for Lethbridge (Mr. Blackmore). There are several mistakes in that. In the first place I was not called to order by the hon. member for Brantford City. He was not in the house; and he is not deputy chairman. Therefore the *Globe and Mail* does not inform its readers properly.

[Mr. Chevrier.]

MR. POULIOT—QUESTION PLACED ON ORDER PAPER

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): I have another question of privilege, Mr. Speaker, on a different matter. It concerns a question of mine which has been mutilated to the point that it is unrecognizable, and is no longer one of my brain children. On Friday of the week before last I gave this question to the clerk:

1. Referring to the government statement at page 1997 of *Hansard* (April 14, 1947), that an application for a passport is a confidential document, why is it so, since when, and in virtue of what authority?

2. Is the passport itself a confidential or public document, and why?

The only part of that question I see in *Hansard*, at page 3708, June 2, is:

Why is a passport a confidential document?

I say it is not fair to mutilate a question to that extent, to carve it up and put my name to it. The question that appeared in *Hansard* is not at all the question I asked. What I want to know is why an application for a passport is a confidential passport, while the passport itself is not.

VISITING FORCES

UNITED STATES—DISCIPLINE AND INTERNAL ADMINISTRATION WHEN IN CANADA

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs) moved the third reading of Bill No. 253, to make provision with respect to forces of the United States of America when visiting Canada and with respect to the exercise of discipline and to the internal administration of such forces.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I want to say a few words on this measure before it is given third reading. I am not going to deal with the principle of the bill, because that was settled on Friday when we voted for second reading. When the bill was being considered in committee of the whole a statement was made that to me is somewhat disturbing. The hon. member for Regina City (Mr. Probe), in discussing certain aspects of the bill, made this statement:

I propose to ask the minister a question which he may or may not care to answer. I believe that it should be asked and that some definite statement should be made with respect to it. This committee should be informed as to how many United States troops are in this country at the present time. We should know what they are doing in Canada and what their disposition is, that is to say, in what parts of the country they are at the present time.

That is at page 3876 of *Hansard*. In reply, on the same page, the Secretary of State for External Affairs (Mr. St. Laurent) mentioned that the number of United States troops stationed in Canada was not very large, and that wherever they were stationed they were fewer in number than the Canadian troops who were with them. His statement was:

> They are less numerous than our own personnel. It is by design and arrangement that they are kept less numerous than our own. That is the way in which the policy is being carried out.

But in regard to United States troops in other parts of Canada the minister said:

> There are a few others at other places, but I would not feel at liberty to disclose that information without conferring with the chief of staff and ascertaining whether it would be proper to do so.

It seems to me an amazing state of affairs that a member of the cabinet, asked a question in this house, cannot answer that question until he refers the subject matter to the chief of staff. That sort of answer might have been satisfactory when the country was at war, but certainly it is not a satisfactory answer at the present time, when the country is at peace. I believe—and in this matter I think the precedents in British countries hold with me—that the members of this house should be informed not only as to where foreign troops are, when they are on our soil, and what they are doing, but also where our own troops are, when they are under arms, and what they are doing. That should be so in time of peace. If we are secretive about these matters surely we are bound to create suspicion not only in our own country but outside as well. So I would suggest to the Secretary of State for External Affairs that even now, before this bill is given third reading, he should give a full and complete answer as to the number of United States troops in this country, where they are stationed and what they are doing. Parliament is entitled to that information, and nothing less; and I believe that in the interests of world peace and the elimination of suspicion in these affairs the answer should be given before this bill receives third reading.

Mr. ST. LAURENT: The reason for my statement that I would wish to confer with the chief of staff before answering that question was not that I wish to have the opinion of the chief of staff about it; but as it had to do with the presence here of men in uniform from our neighbour to the south, I wished to be informed by him whether it might be embarrassing to him in his relations with them to have that information published. The hon. member will realize that these matters are not of very great consequence at the present time, because there are only very small numbers who are cooperating; but I did not feel at liberty to answer without being sure that when the arrangements had been made for a few men to come to such and such a place, it was with the express or implied understanding that the particulars could be made public. I think the hon. member will agree that we are under some obligation of courtesy in that regard, and it was for that reason that I stated perhaps in general terms what I should have stated a little more precisely, that I wanted to be sure there would be no violation of courtesy in giving that information.

Mr. M. J. COLDWELL (Rosetown-Biggar): May I just add one word to what my hon. friend from Vancouver East (Mr. MacInnis) has said. It is not a matter of courtesy. May I say to the minister that we are prepared to extend all the courtesies possible to our great American neighbour. But throughout the ages—at least ever since the execution of Charles I—the right of parliament to know what troops or armies are within the borders of the country, and under whose command they are, and what they are doing, has been a fundamental principle of our British parliamentary practice. It is not because we wish to be discourteous to our great neighbour to the south, but rather because we believe this parliament has a right—indeed a duty—to inquire into the movement of foreign troops in this country in peace time—and I say "in peace time" because when we are at war and allied with another nation, circumstances are entirely different—we have a duty, I say, to ask what troops are on our soil. We have a duty in relation to our own troops to see to it that no outside individual or group shall have control in our own country. If it is true that this parliament has entire control of military arrangements within our own country, then parliament should know exactly what troops, other than our own, are on the soil of Canada at a given time. That is the point at issue—not the matter of courtesy or discourtesy.

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, the hon. member for Rosetown-Biggar (Mr. Coldwell) has referred to the time-honoured rule which, he says, is observed in the British parliament, that information as to the number of troops in the country must be disclosed at all times.

Mr. COLDWELL: To parliament.

Mr. CLAXTON: Yes, to parliament. I can refer my hon. friend to a refusal to indicate to the British parliament the number of

British troops in Great Britain, which was given by their minister of defence on March 4, 1947, as reported at page 43 of their *Hansard*. I have looked into this matter and I can refer the hon. member to a number of other answers in the debates of the House of Commons at Westminster in the course of which ministers of the crown have refused, on the ground of public interest, to give information as to the detailed disposition of their own forces in Great Britain or outside Great Britain.

The hon. member for Rosetown-Biggar is familiar with the discussions which took place before the united nations as to the desirability of full disclosure by all nations of information of military value; and he knows how far that suggestion got before that body. He must know that in these matters, if you give all the information you have to other countries, you have very little chance of getting any information in return. I will be frank with the house and say that in this instance the information is not of any genuine military significance, because the numbers are so small and the operations are of such a routine character that they would not be of any great significance to any country.

We hope that the international situation will not deteriorate; we hope that it may be possible to exchange information on terms of complete and guaranteed reciprocity with all countries. But we are not certain that that day will come. Until it does come we do not feel it is in the interests of Canada or of the defence of this continent to establish the precedent of making disclosures not only to members of parliament—because there is no difficulty about that—but to the public and to other nations, of the detailed disposition, purpose, location and numbers of our forces or those of any friendly country within our boundaries, because of the significance that might be attached to changes and developments that might be made.

The situation as it exists today is, as I say, not at all significant or serious. But let us suppose, for example, that three more weather stations or five more loran stations are built, and let us suppose that the number of men serving those stations, partly Canadian and partly American, has increased. That can be played up in this or in other countries as a dangerous and threatening sign, whereas everyone in this country knows that it would be nothing but the most reasonable step in the defence of our own country and to prepare us for any emergency that may arise.

These matters of defence have changed greatly since the period between the two wars.

[Mr. Claxton.]

Now we have inventions like radar, loran and inventions of other types which are of use principally for defensive purposes. Their location and number may be of some interest, and until we can secure an exchange of information on a guaranteed reciprocal basis we do not propose to give that information away to anyone who wants to get it. But as for hon. members in the house, let me say that we should be glad indeed to give them the fullest possible information as to the situation.

What I have said does not apply to the total of forces or to matters which are of common interest and common knowledge in Canada. But we do not believe it is a good thing to give information as to the disposition, location, purpose and strength of these forces in detail, not because of what exists today, but because of some significance which may be attached to changes in the future—and which almost certainly would be attached, judging from our experience.

The hon. member for Rosetown-Biggar and the hon. member for Vancouver-East deplored the debate; and I think the Secretary of State for External Affairs went some way in agreeing with them. I too would like to express regret at some of the things said in the debate; but I would call attention to the fact that many of them, which I believe many of us would regret, were occasioned by the amendment moved by the hon. member for Regina City (Mr. Probe) representing the C.C.F.

When later the hon. member for Rosetown-Biggar said that some of the things said in debate did not represent the point of view of parliament or of the country, I must say the question arose in my mind whether some of the statements of the hon. member for Regina City, as reported at pages 3795 and following, the hon. member for Winnipeg North Centre at page 3835 and the hon. member for Swift Current at page 3846, represent the views of the C.C.F. That they did not represent the views of parliament or of the country I am convinced, but I think it is of interest to learn if they did represent the views of the C.C.F.

As a further word in conclusion I would point out that some thirty speakers took part in the debate, of whom thirteen were members of the official opposition and nine were members of the C.C.F. while only six speeches were made by representatives on this side. Of those six, two speeches were made by the minister who introduced the bill, and one by myself in explanation of some of its features. It cannot be said that this debate was in any way occasioned or carried on by members

on this side, it can be said to the contrary that more than two-thirds of the time of parliament was taken up by representatives of the opposition.

In our view this bill was not a bill of great significance. It was designed to enable Canada to extend in peace time a privilege that it had been found useful to accord to the troops of the other country in war time. It does not infringe on the sovereignty of Canada or on the jurisdiction of our courts. It simply gives visiting forces to our country the privilege of trying their own men for offences under their own military law. It is a privilege extended by the United Kingdom to the United States and Canada. It is a privilege extended by the United States to the United Kingdom and Canada. It is a privilege extended already by Canada to the rest of the commonwealth, and it seemed to us to be a reasonable provision and in accordance with our common interests that we should extend the same privilege to the United States that they had already extended to us.

Hon. members have spoken throughout this debate as if the advantages of our common participation in joint defence in accordance with the arrangements announced by the President and by the Prime Minister on the 12th of February were entirely one-sided. The arrangement was spoken of as if Canada were the only beneficiary. This arrangement was made in the interests of Canada, of course, but it was made by the United States in the interests of the United States. It is in our common interest, and that is why it was made. Further, the cooperation extended under the arrangement is by no means one-sided. On account of the fact that the United States has some twelve times our population and many times our wealth and many times our power, she naturally has the most to contribute. But it is by no means a one-sided arrangement, and I can assure the members of the house that we intend to have this arrangement carried out, so far as lies within our power, on a reciprocal basis, by means of which we would give to the United States the full advantage of such inventions, discoveries and works as we have—there is much we can claim to our credit in these fields—and we shall also engage with them in common measures of joint training and the like.

Hon. members spoke as if it were contemplated that there would be large numbers of United States troops drilling and training here. The Secretary of State for External Affairs has made it clear that that is not contemplated at the present time at all. This is entirely, I would say, at the staff, liaison, testing and experimental level. So there is no considerable group of United States troops in Canada and no group of Canadian troops in the United States at the present time receiving training for training's sake, that is, which will be of primary value because its primary purpose is directly to increase their military skill. This is an extension of the kind of arrangement friendly countries have carried on throughout the ages, the exchange of staff information, the exchange for training purposes of staff, the exchange of matters of common interest of one kind or another. No other two adjacent countries, I think, on the face of the earth have ever before had such close and intimate relations as the United States and Canada, and have such common interests in their common defence. It is because of that that this arrangement was made, born of the statement of the President and the Prime Minister in 1938, carried through in the declaration of Ogdensburg on August 19, 1940, and the basis for so much of the allied cooperation which contributed to victory. It seemed to us that this arrangement should be carried on in peace. It seemed to us to be the merest act of common sense in the common interests of two good neighbours.

Mr. COLDWELL: Mr. Speaker, on a question of privilege, the minister referred to some remarks of mine on Friday in his criticism of myself and those associated with me. I want to tell him that he should have gone farther afield than the members of this group. The whole tenor of the debate was unfortunate, and that was occasioned by the secrecy concerning the movement, not of our own troops, but of foreign troops within the borders of our country.

Mr. MACKENZIE: That is an argument, not a question of privilege.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, nearly everyone who has taken part in this debate has assured the house that he had not intended to speak. I on the contrary, Mr. Speaker, have intended to speak from the very beginning; I have waited long for an opportunity to address the house.

I am not going to approach the question from the point of view of international politics, nor shall I criticize the purpose of the bill. It seems to me however that the bill is without purpose unless it anticipates the presence in this country of the troops of a friendly nation in substantial numbers. Week-end visits, excursions by boat or by rail of military or naval units, even a week's outing here by United States forces, would not give rise, in my view, to the enactments that are found in this bill. The

purpose of the bill has been stated by the Secretary of State for External Affairs (Mr. St. Laurent) and it is not my intention to question the accuracy of his statement. I would, however, like to dwell for a short time on the results of passing the bill.

We recall that the party of which I am a member has found the going in the province of Quebec very rough for the last thirty years because that party was looked upon in Quebec, and was held up forsooth by the party which constitutes the government, as a war party, as an imperialist party, as a party which desired war; as a party which whenever there was any possibility of electing as between domestic interests and imperial interests always neglected the domestic interests to favour the imperial interests. I need not assure you, Mr. Speaker, that I felt and still feel that those charges were wrongful, that they were without basis; nevertheless they did find credence in the minds of a large number of the electors of my province.

All through the years there never was a general election that a great war was not hatched for the purpose of compelling the vote of Quebec into the support of the party which constitutes the government opposite. I can turn to newspapers printed and published on the eve of each general election and establish beyond any doubt that the Conservative party was branded by the Liberal party as a party of warmongers; and coupled with that charge was the assertion that if the people of Quebec did not want their children to be conscripted and sent away to fight an impending war in which they had no interest whatsoever, they should eschew the opportunity of supporting the Conservative party.

Mr. CLAXTON: Does the hon. member remember the Drummond-Arthabaska by-election of 1910?

Mr. HACKETT: The hon. gentleman remembers the Drummond-Arthabaska by-election very well, and is willing to discuss it. He remembers other elections, too; and if the hon. minister wants him to name the ministers on that side who took part in these other elections and made statements that are shameful, he can do so. I believe that this debate, whatever its purpose, will have the result of making it clear to the people of Quebec that there are times when the people of Canada have to take on the defence of Canada, and at no time has any other policy been that of the Conservative party. I go further and say that when we have a debate of this kind—

Mr. MACKENZIE: I must rise to a point of order. This discussion has nothing to do with the question before the house.

Mr. GREEN: You can't take it.

Mr. MACKENZIE: I detest interruptions. It is interesting to listen to my friend's discussion, but it has nothing whatsoever to do with the motion for third reading of this bill.

Mr. DEPUTY SPEAKER: I was under the same impression as the Minister of Veterans Affairs. I was going to ask the hon. member for Stanstead if he would relate his remarks more directly to the bill under discussion, which makes provision with respect to forces of the United States of America when visiting Canada. At present I cannot see how his remarks are related to this bill. May I ask him to relate them to the bill?

Mr. HACKETT: Mr. Speaker, if it will not put too great a burden on your patience I intend to show that my remarks are very directly associated with the bill, and that they are pertinent to it. It is my aim to establish that whatever the purpose of this bill, its result is to show to the province of Quebec that there are occasions when preparations for war have to be made, and I was merely leading up to the point by showing that in the past it had been the policy of the party which constitutes the government of today to preach at all times that there was no reason to prepare for war or to anticipate war.

Mr. MACKENZIE: That is not correct.

Mr. ABBOTT: That is nonsense.

Mr. MACKENZIE: I want to challenge that statement from my own experience.

Some hon. MEMBERS: Sit down.

Mr. BROOKS: That emphasizes only the correctness of it.

Mr. HACKETT: If the hon. gentleman will bear with me for a moment I will be very happy to accept his challenge. I am not going to talk about what happened in 1914 or 1915 or 1916, or in the election of 1921 or 1925 or 1926 or 1930.

Mr. GAUTHIER (Portneuf): Or 1911.

Mr. HACKETT: I am going to talk of the period when disaster was dripping from the clouds; I am going to talk of the period after Munich; I am going to talk of the period when everyone knew that war was inevitable, and I am going to read to him a passage from a speech of his own leader delivered in the House of Commons on the 30th day of March, 1939.

Mr. CLAXTON: How are you going to relate that to the bill?

Mr. HACKETT: These are the words of the Prime Minister of Canada on that occasion, as reported at page 2419 of *Hansard*:

The idea that every twenty years this country should automatically and as a matter of course take part in a war overseas for democracy or self-determination of other small nations, that a country which has all it can do to run itself should feel called upon to save, periodically, a continent that connot run itself, and to these ends risk the lives of its people, risk bankruptcy and political disunion, seems to many a nightmare and sheer madness.

That is the statement which was made in the house by the Prime Minister of Canada in March, 1939, when everyone knew that war was inevitable. I follow that up with another statement, when the Prime Minister, a few years later, was criticized and condemned for making no preparation whatever for the war that everyone knew was coming. He said in the house on the 11th day of August, 1944, that previous to the statement which I have just read, in 1937 forsooth, he had gone to Germany and to Hitler, and this is what he told Hitler at that time. Said the Prime Minister on August 11, 1944, as reported at page 6275 of *Hansard*:

But I do tell this House of Commons today that my visit to Germany had as its objective to make it perfectly clear that, if there was a war of aggression, nothing in the world would keep the Canadian people from being at the side of Britain. That was known to the German government at that time, and my action in the matter was fully known to the British government; but I did not talk about it at the time, for it is just as well that some of these matters should not be spoken of until later years.

Mr. DEPUTY SPEAKER: Order. I still cannot see what the last statement has to do with the bill under consideration.

Mr. MACKENZIE: Tory propaganda.

Some hon. MEMBERS: Oh, oh.

Mr. KNOWLES: Is that quotation Tory propaganda?

Mr. DEPUTY SPEAKER: I cannot see how the statement that has just been read has any relation to the bill under discussion at the present time, which relates to the forces of the United States of America which are now visiting or which may hereafter visit Canada. The hon. member should confine his remarks more directly to the bill.

Mr. HACKETT: I am merely showing that there are times when people have to prepare for war, and I think it is a very proper thing that the people of this country should finally be told in all frankness that there is a possibility of participation in a war. I am not suggesting for a moment that there is to be aggression from this or from that nation; but I do believe that when there is uncertainty of aggression today as there was certainty in 1939, when it was denied by the government that there should be any preparation made, that we should today instruct our people as a whole—

Mr. MACKENZIE: We got a lot of help from you and your party at that time.

Mr. HACKETT: It was—

Mr. MACKENZIE: They cut down our estimates; that is what they did. You had better read your history.

Mr. HACKETT: Mr. Speaker, is there any order in the house?

Mr. POULIOT: Human rights.

Mr. HACKETT: Is there no order in the house?

Mr. DEPUTY SPEAKER: May I ask hon. members not to interrupt?

Mr. MACKENZIE: They ruined the air force estimates.

Mr. POULIOT: Human rights.

Mr. DEPUTY SPEAKER: Order.

Mr. MACKENZIE: Remember your history.

Mr. POULIOT: Human rights.

Mr. DEPUTY SPEAKER: Order. I must insist that hon. members do not interrupt the member who has the floor.

Mr. MACKENZIE: Let him stick to the facts.

Mr. POULIOT: Human rights.

Mr. HOMUTH: The only thing is you cannot take it.

Mr. MACKENZIE: You read those debates.

Mr. POULIOT: Human rights.

Mr. MACKENZIE: You ruined the air force.

Mr. POULIOT: Human rights.

Mr. HACKETT: Mr. Speaker, I can assure the right hon. gentleman from Vancouver that I am accustomed to interruption of this kind. If he thinks that by making his mellifluous and highly sonorous voice heard above mine he can discourage me he is in error. I would ask you, Mr. Speaker, to deduct from the time allotted to me that which has been unduly usurped by the right hon. gentleman.

Mr. DEPUTY SPEAKER: May I in turn ask the hon. member for Stanstead to direct his remarks to the bill under consideration, and try to keep within the limits of the bill.

Mr. HACKETT: I am directing my remarks to the bill, and so pertinent have my remarks been that they seem to have aroused some disturbance opposite. I was merely endeavouring to point out the results of this enactment. At last the decent and God-fearing people of my province are going to be brought face to face with the facts as they never have been in the past. They have been told, without contradiction by a unanimous party press and by a very vocal representation in the house, that wars are made by members of my party and that there is no fear or possibility of war so long as gentlemen opposite sit on the treasury benches. That is the story that has been told and reiterated in Quebec for thirty odd years. I am glad to know that at last the people of that province are going to learn that such is not the case. I am glad to know that we are going to have an era in which fear of conscription and the dastardly agencies of propaganda which have been known and which have been summoned to the aid of the Liberal party at every election in the last quarter of a century will no longer be available to any party in Quebec.

The people of Quebec are decent and law-abiding people, a people as loyal to Canada as a people can be, but they have been told by Liberal leaders for thirty years that any war which was not waged on Canadian soil was a war in which they had no interest whatever. Apparently we have now reached the point where it has become necessary to call in neighbours, or to make provision for calling them in to defend our own heritage. I ask you if when the Canadian people took up arms in the wars of 1914 and 1939 it was not just as much in defence of their own land, of their own country, of their own lives and of their own liberties as could be any anticipated war for which this bill makes provision?

Mr. DEPUTY SPEAKER: I glanced through the bill again and I cannot see that it makes provision for war; it does not discuss war in any way. It relates only to the discipline of the forces of the United States while in Canada, not while they are at war with Canada or while Canada is at war with any other country.

Mr. HOMUTH: We are making shells, but they are not necessarily to kill people.

Mr. DEPUTY SPEAKER: The hon. member says we are making shells, but not necessarily to kill people. This has nothing to do with making shells; this is an arrangement which is being made with respect to the discipline of the forces of a friendly country, the United States, while in Canada. I do not think it calls for a discussion on war generally, such as the hon. member is carrying on at the present time.

Mr. HOMUTH: What are soldiers for?

Mr. HACKETT: I am very grateful to you, Mr. Speaker, for enlightening me. I did not know that these troops were to come here from another and friendly land on a Sunday school picnic or for a week-end. I had understood from the statement made on February 12 by the Prime Minister and from what the minister of external affairs had said that there was to be between Canada and the United States some uniformity in arms, equipment and military organization; that there should be some uniformity in technique; that we should learn something of how the United States operate their armies and how we operate ours. While I admit that there was no direct mention of war in the bill, I was under the illusion, until you corrected me, that it was in anticipation of mutual defence against armed intrusion that this united effort of our soldiery and that of this friendly power was being arranged. I am most grateful to you, Mr. Speaker, for the correction.

Mr. DEPUTY SPEAKER: I do not want to interrupt the hon. member unduly. The remarks which he has made may be correct, but this bill has nothing to do with the training of those forces in Canada. This bill deals only with the discipline of troops while in Canada. No doubt there will be an opportunity afforded to hon. members at some other time to discuss the training of troops and other matters to which this bill does not refer.

Mr. HACKETT: I am very grateful to you, Mr. Speaker, for pointing this out to me, but I am forced to regret that some thirty-one hon. gentlemen who have preceded me in this debate had not the benefit of your advice.

Mr. ABBOTT: Better late than never.

Mr. HACKETT: It might have helped curtail the debate and get on with the estimates of the genial Minister of Finance.

Mr. ABBOTT: Nothing will do that but hot weather.

Mr. HACKETT: I do not think that anyone who wishes to be at all serious can believe that this bill is anything other than what it purports to be. It anticipates something that none of us can foresee without a renewed prayer for peace. This bill anticipates joint preparation for war, or it has no significance

at all. Whatever may be my appreciation of the wisdom of the government, I cannot believe that its sense of futility would permit it to introduce a bill like this unless it has some real use; and the only use to which it could be put is to provide for the forces of a friendly country who enter upon our territory in great numbers. If that be not anticipated—

Mr. CLAXTON: I should like the hon. gentleman to allow me to rise to a rather important question of privilege, because what he has said is misconstruing the statement made by the Secretary of State for External Affairs and by myself. If I may say so, I also think it is casting an exceedingly provocative reflection on a bill which has but one simple purpose.

Mr. GREEN: The minister himself made a provocative speech.

Mr. HACKETT: I am glad of enlightenment from another source, but I still maintain that unless this bill anticipates the presence on Canadian soil—possibly not today, possibly not tomorrow, but in some emergency—of large numbers of the armed forces of a friendly nation, who are to discipline their own delinquents, it should be withdrawn, because it has no other purpose. We know that legislation of this kind was introduced in England in war time, and there was some difficulty in getting it through, even there. In fact, it did not pass until many millions from that great country which aided so vigorously in the pursuit of the enemy had landed on the shores of Britain.

But again, Mr. Speaker, my point is that at last we are in the open. At last it is admitted that our country may be obliged to defend itself, that we are seeking allies in that defence, that that defence may take place on the seas or on another continent. The bill puts an end to the era when a great political party can be accused of disloyalty and chauvinism because it believes in the possibility of war, war which has come twice within my generation, and which God forbid should ever come again. When it does come I hope that debates such as this will have made the Canadian people a united people, a people that will not be forced to go through periods of disunion and distress, largely provoked by unfair and inaccurate statements concerning war which were showered upon this country between 1914 and 1939. I may say that the reason for these unfair and unreasonable statements was just for political power. It was to achieve it that a party was willing—

Mr. MACKENZIE: Is that what caused the vote in 1917, the distortion of ballots?

Mr. HACKETT: —that a party was willing to make such statements on the eve of every election so that a substantial element of the electorate would be led to believe that its dear ones were being exposed to unnecessary military service if it exercised its franchise freely. I think we have at last written finis to a dark era in Canadian politics. I for one am glad of the debate, and I am glad that the bill has had its second reading, because from now on, all sections of the country must know that we have got to defend this Canadian land.

Mr. J. O. PROBE (Regina City): I take this opportunity to rise on the third reading of this innocuous bill, which has been discussed by so many speakers and the statistics for which were so readily outlined by my much respected friend, the Minister of National Defence (Mr. Claxton). I regret that at this time the minister took occasion to lash out in the rather acrimonious and unnecessary manner in which he did at my leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), doubting whether he concurred in the remarks which were made during the debate on the second reading of the bill by the hon. member for Winnipeg North Centre (Mr. Knowles), the hon. member for Swift Current (Mr. Bentley) and myself as mover of the amendment. I just want to emphasize now, both to the minister and to the House of Commons, that when I rose to move the amendment I was speaking after consulting with and having received the approval of every member of our group.

Mr. COLDWELL: That is right.

Mr. PROBE: There is no qualification about that fact. Therefore it was not necessary for the minister to make the suggestion he made in that regard.

Mr. COLDWELL: And a fact which escaped me when I rose.

Mr. CLAXTON: I asked the question and it has been answered.

Mr. COLDWELL: It escaped me or I would have answered. The amendment was agreed upon by all of us.

Mr. CLAXTON: I asked the question and it has been answered.

Mr. CRUICKSHANK: Which makes it all the worse.

Mr. PROBE: I believe the wisdom of the amendment has been eminently confirmed by the extreme latitude which was taken by the numerous speakers in this current debate, because the amendment simply—

Mr. DEPUTY SPEAKER: Order. The amendment has been put to the house.

Mr. MACKENZIE: It has been disposed of.

Mr. PROBE: We insist, on the third reading of this bill, Mr. Speaker—

Mr. KNOWLES: Insist on it?

Mr. PROBE: Let me finish. I will make the speech.

Mr. ROSS (Souris): Was that agreed upon also?

Mr. PROBE: That was also agreed upon.

Mr. DEPUTY SPEAKER: Order.

Mr. PROBE: May I repeat, Mr. Speaker, that we insist that in peace time parliament be kept fully informed of all the activities of the various branches of this government. That is a right which parliaments have had from time immemorial. It is up to the government to make information available to us in order to make it possible for us to discuss matters of external policy as well as of internal economy. It is up to the government to find occasion to make this possible, whether it be by referring matters to the external affairs committee for discussion and for questioning our military staffs, or otherwise. Therefore I do not think the Minister of National Defence needed to hide his, shall I say, stubbornness or opposition to our desire in that respect in a rather dense foliage of language akin to that made use of by many other speakers in the House of Commons when they wish to evade a point. The important point is that the house and parliament should have an opportunity in peace time to be fully cognizant of what goes on in this land, especially when it concerns the presence in this country of foreign troops in uniform, no matter how friendly they are to us.

Mr. PIERRE GAUTHIER (Portneuf): Before taking his seat, the hon. member for Stanstead (Mr. Hackett) said, "At last we are in the open." I think we are. I remember very well in 1911 when the nationalists—pardon me, the Conservatives—were playing nationalist, running as nationalists, being elected as nationalists, then coming into this very house, jumping on the seats and coming back as Conservatives, as they always had been. We are in the open. We, the Liberal party, have been labelled in Quebec as being pro-communist, by the Conservative organizer, Mr. Sabourin. That is the way in which the antis work in trying to put the Liberal party down. This afternoon my hon. friend tried not to speak as a nationalist. He was trying to save the surface by putting a little

[Mr. Probe.]

paint on the front of his own party. I do not blame him, but one thing should be said and I believe I am in a good position to say it. Is there one party in this country of ours that has not made nationalist declarations once in a while during an election or by-election? Too many nationalist declarations have been made.

Some hon. MEMBERS: Order.

Mr. GAUTHIER (Portneuf): Wait a minute. Too many nationalist declarations have been made. In 1911 it was the Conservatives. Later it was the Liberals, and it will be the C.C.F., the social crediters, the independents; everyone is playing nationalism.

As I understand this bill, we are trying to be co-defendents after having been co-belligerents. When you hear a member from Quebec speaking in favour of an accord with the United States, or in favour of privileges to be given the United States army, it is not because we in Quebec want to turn our eyes away from the British empire or the British commonwealth of nations and turn them toward the United States of America for good, leaving the former alone. It is just because we have the experience of the last war, because we want those two organizations, those two nations or groups of nations, to stand firmly on their feet right in front of the menace from without and from within. That is the way in which I understand it.

Motion (Mr. St. Laurent) agreed to on division and bill read the third time and passed.

INCOME WAR TAX ACT

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the second reading of Bill No. 269, to amend the Income War Tax 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—"Child qualified for family allowance."

Mr. FLEMING: I have one or two observations to make on this section, with a view to asking the minister to clarify the meaning of this definition, because, as I read it, it is anything but clear. It is not one of the amendments of which there was any specific warning in the resolutions; therefore we have to deal with it as it stands, without the

[Mr. Blackmore.]

benefit of prior discussion. This section proposes to introduce an amendment to the definition section of the act, defining "child qualified for family allowance." If you read

it through I think it will be found that there may be ambiguity in the second line, depending upon what the minister's intention is in reference to it. It reads:

"child qualified for family allowance" means a child that, in the last month of the taxation year in respect of which the expression is being applied, was qualified or might have been qualified by registration under the Family Allowances Act, 1944, so that an allowance under that act was or might have been payable in respect of that month or the immediately following month.

It will be recalled that the Family Allowances Act does not contain such a definition. This is a new definition, and the act itself is not clear on this matter. I should like to ask the minister whether this definition is to be applied in such a way that the expression "in the last month of the taxation year" will be equivalent to "at any time in the last month of the taxation year" or "throughout the last month of the taxation year." There could be, as the minister will understand, a change of status during the month. For instance, there might be the death of a child. Could this not be clarified?

Mr. ABBOTT: The section is intended to mean "at any time during the last month." The purpose of putting the definition in the defining section is to simplify the drafting of section 4, which, as my hon. friend knows, is the charging section. The intention is that with respect to a child qualifying at any time during the month the provisions respecting a child qualified for family allowances will be applicable, even though the status may change during the month.

Mr. FLEMING: Would the minister clarify it by using the words he has just used instead of the word "in". Then his intention would be clear. I suggest that the language of the present section is capable of a different construction, and that he might change the word "in" to the words "at any time during". That would place the section beyond any doubt.

Mr. ABBOTT: I am advised that none of the other exemptions use the word "during". There has never been any question raised that, when dealing with exemptions, the word "in" a given period means "at any time" during the period. The word "in" was used before, and it has always been interpreted as meaning "at any time" in the taxing year. As my hon. friend knows, under the old rule a child born on December 31 in any year entitles the parents to the child's exemption for the whole of that year.

Mr. BLACKMORE: Mr. Chairman, before we go any farther, I should like to add another word.

The CHAIRMAN: The hon. member for Kamloops has the floor.

Mr. FULTON: Before this section carries, I should like to ask either the minister or you, Mr. Chairman, for advice. I wish to make some observations respecting the taxation of breeding herds. I did not make my remarks in the debate on second reading because there would have been no opportunity for questioning. Would the minister prefer that I withhold my remarks until we reach the title of the bill, or would it be more convenient to speak on one of the sections?

Mr. ABBOTT: The hon. member is referring to basic herds?

Mr. FULTON: Yes. Shall I wait until we reach the title? It is difficult to find a place for what I have to say on one of the sections.

Mr. ABBOTT: There is no title section, because it is an amending, not a new bill.

Mr. FULTON: Is it not entitled, "and act to amend the Income War Tax Act"?

Mr. ABBOTT: But there is no section setting out the title; it is an amending bill. I do not believe there is any section on which the hon. member's remarks would be strictly relevant. The discussion we had the other day with respect to basic herds was fairly comprehensive. I said at that time, as has been said before, that the matter was under active consideration—and has been for some time—by the Department of National Revenue. It is primarily an administrative problem, and I believe I did say in reply to a question by the hon. member for Calgary West, that some definite decision should be taken in the not too distant future as to what portion of the purchase price or sale price of the herd should be treated as capital, and what portion as income.

Since the termination of that discussion on the resolution, the matter has been, to use a standard expression, under active consideration and discussion. I consider that a solution will be found in the near future, a solution which may not be entirely satisfactory to everyone. In that event, no doubt fresh representations would be made. However I know the matter is being actively considered and the views of hon. members are well known. I assume my hon. friend would wish to voice somewhat along the lines of those expressed by the hon. member for Calgary West.

Mr. FULTON: I am prepared to wait until the third reading.

Mr. BLACKMORE: What I have to say is strictly in order. I submit that a most unjust thing has been done. The bill now before the

committee was not available to hon. members until Saturday, and it was impossible for anyone to get a copy of it until then. The suggestion is made that we should have objected when the motion for second reading was made; but the noise in this chamber is so intense that it is almost impossible for hon. members to hear what is said from the Chair. In large measure we have to depend upon what is said the night before, if we are to know what is to take place. No word came from the minister to the Social Credit group regarding this matter, and I consider that the whole situation is exceedingly unfair.

Mr. NICHOLSON: I support what has been said by the hon. member for Lethbridge. In my view the committee should rise and report progress.

Mr. MACKENZIE: The bill was in the hands of all hon. members last Saturday.

Mr. ABBOTT: I do not wish to force this bill unduly, but I must point out that we had a fairly full discussion on the resolution stage. As the committee knows, the amendments this year are not extensive. Many of the amendments in the bill are of a technical nature. There is the qualifying provision respecting private companies, in accordance with the Ives report; then the new tax schedule is no surprise to anyone. The section with which we are now dealing is a technical one, referring to the definition of a child qualified for family allowance.

While some of the amendments may be a bit complex in drafting, I must point out that no new material, no new principle is involved. We have such a heavy agenda before us that I would hope we might make some headway with this bill. I am sorry hon. members in the Social Credit group were not informed this morning that it was the intention to proceed with this bill. We have been working on these bills for about a week to have the drafts completed, so that they would be available to hon. members, and so that we might proceed with them today.

Mr. LOW: I have great sympathy with the load of work carried by the Minister of Finance. No one appreciates it more than I do. At the same time we must not overlook the rights of hon. members, and it seems to me that they ought to have adequate time to prepare themselves in respect of a bill as voluminous as this one. I can understand how I could have been overlooked in the notifications which went out, but may I point out that the leader of the C.C.F. party has only now received a brief note which was sent to his office by the house leader this morning.

Mr. COLDWELL: Perhaps I should say it was my own fault.

Mr. LOW: At the same time, the C.C.F. group did not know that this bill was coming up. They took the same meaning as we did from what was said by the minister on Friday night, where he pointed out that the government would like to follow the order of the three bills mentioned, and that probably this one might be available. But it was not available then, and did not become so until Saturday. If it could be held over for another day I would certainly appreciate it, because some hon. members would like to give some thought to it.

Mr. ABBOTT: I dislike forcing the bill, but the Prime Minister has said time and again that the house should be ready to take up any matters on the order paper. While giving notice the night before or, as in the present instance, two or three days before, is an act of courtesy—and desirable, of course—it must be remembered that this will be a broken week. We shall have the visit of President Truman and, while I do not wish to make any personal appeal, I should point out that I have more legislation to bring in. If we could make headway in the committee stage today, I would appreciate it.

I shall give this undertaking, that if there are any sections hon. members feel they would like to have stand, where there is some point to which they would like to give further consideration, we could allow those sections to stand and proceed with others. In that way we could make headway today. I put that suggestion forward for the consideration of the committee.

Mr. MACKENZIE: May I point out what I said on Thursday night when announcing the business of the house. I said:

> Tomorrow, if the budget bills are ready I might ask the consent of the house to have them introduced and read for the first time, kept over the week-end for consideration and discussed fully next week.

So that no member can complain of any lack of notice in regard to this bill.

Mr. BLACKMORE: That did not mean on Monday. The worst of this is that it destroys the confidence which ought to exist in this house. The minister speaks of being burdened. The members are burdened too, and extremely heavily, and they have a right to consideration. I will say no more about the matter, but I think this is one of the basest tricks that I have seen perpetrated in the house since I have been here.

Section agreed to.

On section 2—Security in lieu of interest or dividend.

Mr. MACDONNELL (Muskoka-Ontario): I wish to say a word mainly by way of repetition of what I said at the resolution stage. I must confess, since the minister has not seen the light up to now, it may be that we cannot persuade him to see it today. It does seem to me that a clause of this kind, which really undertakes to say that a document does not mean what it says it means, is unfortunate. Take the case of a man with a $100 bond which has been in default, let us say for ten years, as may well happen. If the arrears are all paid up in one year and the bondholder is taxed on one year's income that seems a hardship, and if it can be avoided I think we may fairly call it an injustice. If the minister is sure that it cannot be avoided I must confess that that would impress me a good deal, but I earnestly suggest that parliament should not pass legislation like this which says that a document, "notwithstanding the form or legal effect of the transaction," is to mean something entirely different from what was intended and from what it says it means. The effect will be to incite people, indeed drive people to various ways of attempting to get around such a provision. I am sure that the minister never in his legal practice did that, but there are other lawyers who do. I suggest also that the people who can take advantage of it are those who are well versed in these matters, not the ordinary man on the street. Without labouring the point or holding up the committee, I would ask the minister once more, is it not possible to do what I believe justice would suggest and as has been done in several other cases, to spread this over several years; in other words, to recognize that a situation of this kind can be a hardship, and an injustice if it can be avoided?

Mr. ABBOTT: I did give consideration to my hon. friend's point, but there are grave difficulties in doing what he suggests. I do not believe there will be any substantial hardship, because, as he will notice on looking at the rates of tax, the brackets are fairly wide. Between $3,500 and $5,000 the rate is the same, twenty-two per cent, and it would take a substantial holding of bonds and fairly substantial arrears of interest to put the man into a higher bracket. Suppose a man did get $25 on a $100 bond, and suppose he had 1,000 of them; he would get $250, and that would not push him into the higher bracket unless he was on the edge of it. I think, upon reflection, my hon. friend would agree that with the fairly wide brackets before the income tax rates change there is not much likelihood of any real hardship. A man would have to be a substantial holder of the particular bonds in arrears and would have to receive a very large amount of arrears in order to change substantially his rate of tax.

Mr. FLEMING: I should like to add my word of appeal to the minister to that offered by the hon. member for Muskoka-Ontario. I offer it, in the first place, on the ground of fairness. The arrears presumably have accumulated over a period of years and some rights are to be given by way of recoupment for the losses sustained over that period. Yet the proposal is that the rights, whatever they may be worth, shall be taxed in the first year. So, first on the ground of fairness, I urge the minister to reconsider this provision.

In the second place, may I urge, as did the hon. member for Muskoka-Ontario, that when a provision smacks of unfairness, as this will to many people, the temptation to find ways and means to get around it is very strong. It would be a bold member who would undertake to say that there will not be cases where the incidence of the tax as contemplated by this section may not be defeated by transfers in anticipation of the issue of such rights. When the tax smacks of unfairness from the beginning the minister would, I think, have to admit that many to whom he referred as being on the borderline of a higher tax bracket will be tempted to find ways and means of evading the tax.

Mr. ABBOTT: This section in terms is substantially analogous to a section contained in the British act, which has been there for some time. I think it is a desirable section to have in our law because there was a loophole there which could lend itself to serious abuse. There are not a great many of these refinancing obligations. The one case that brought it to my attention was that of Abitibi Pulp and Paper Company, where there were substantial arrears. I do not think I could agree to amend the section this year to allow any such arrears to be spread over a period of years. As I said in answer to the hon. member for Muskoka-Ontario, I do not believe there will be any substantial injustice done, but I will give further consideration to the question and when we bring in our new bill which will be effective for the 1948 period, if I find that a real case can be made out for my hon. friend's suggestion, we can include it in the new bill.

Mr. MACDONNELL (Muskoka-Ontario): I thank the minister and would add just one

word. As the hon. member for Winnipeg North Centre said, we often ask for things and do not get what we want the first time or the second but, if we keep on, we sometimes get it. The minister spoke of the unlikelihood of a payment of this kind forcing a man into a higher bracket. That may be true. But even a man with an income of $2,500 is going to pay twenty-five per cent upon any excess over $2,500. I am not going to labour the matter further. I thank the minister for promising to give it further consideration.

Mr. ADAMSON: I realize that such a provision is in all the other acts and I realize the difficulties. A case that affects a great many citizens of Toronto is a refunded municipal bond that has been in arrears over a number of years and then the arrears are paid in one fell swoop. If that is paid in a lump sum it certainly puts the taxpayer into a much higher bracket. He could get around this by selling his bonds before payment is made through the municipal refinancing. If he sells his bonds, it is a capital gain and is not taxable. If he holds on to his bonds and accepts the refinancing, then it is income. It is a difficult point; nevertheless consideration should be given to it. A man holding a bond of some of the municipalities which were in default in the last depression, having bought the bond at par or nearly par, finds that it is now selling at a considerable discount. The principal may be selling at $40 or $50. He has received no income from it for a period of six or seven years, which is a serious setback so far as income is concerned. Then he gets the whole thing at one fell swoop and is taxed at a much higher rate.

Mr. ABBOTT: Probably not, because the brackets are so wide.

Mr. ADAMSON: Two things mitigate against the cases I have in mind. First of all, the man holds security for a number of years and does not get anything from it at all.

Mr. ABBOTT: And therefore pays no tax.

Mr. ADAMSON: That is so, but if he bought the security for income he gets nothing from it for years. I believe some of these bonds were in default for six or seven years. He gets nothing from it in that period of six or seven years; therefore he is penalized in those years. That is his bad judgment. The government cannot do anything about a man's judgment; but he is definitely penalized. Then he gets the income all at one time and is again penalized for those six or seven years during which he has been able to receive no income. He gets it two ways. First, he does not get his income and, then, he gets it in one block and is taxed, despite the fact that in the bill this year the brackets are much wider than they have been. This is one of the things that must be given real consideration.

Mr. ABBOTT: My hon. friend says that the problem is one that is pretty difficult; but he will appreciate, as will other hon. members of the committee, that the refunding which takes place from now on will be on a descending scale of taxes. The tax which will be paid for the whole of the bond on the accumulated income will, in all probability, be at a substantially lower rate than he would have paid had the interest been paid during the war when rates were at a much higher level. On balance, I think it will be found that the actual tax contribution on the accumulated arrears of interest will be less than the aggregate of the tax which would have been paid had the interest been paid as it went along and included in the individual's tax returns. In most cases I think it will be found that that is true.

Mr. ADAMSON: I see the point with a decreasing scale. Let us pray that we have not seen the last of decreases in income tax; let us hope that it will be an annual thing and that every year we shall have less and less income tax. But my point is this: two things mitigate against it. One of the things is that municipal bonds—and there will be difficulties with municipal financing—are going to run into difficult times when municipal authorities ask for supervision or are unable to meet their interest charges. At that time the bonds will sell at a discount. Because of the government's policy, the hope that the bond will come back and that the interest will be paid on the years when the municipality is not able to service its bonds, has in many cases kept the security of the municipality at a reasonable level. But because of the continuation of this policy, we see bonds selling at forty per cent or fifty per cent of their par value, and men will hesitate to buy them and therefore support the market because, if the bonds are made good and the arrears are paid, or a substantial payment is made of the arrears, they will be taxed for it all in one fell swoop. In my opinion that will make municipal financing just that much more difficult. At the moment municipalities are able to borrow money at low interest rates. Their credit is extremely high, but there will be difficulties ahead, and this is one of the difficulties that must be foreseen.

Mr. WHITE (Hastings-Peterborough): In the explanatory notes and in the remarks of the minister the words "funding" and "refunding, are used. I wonder whether this position

will apply to a mortgage. Take a mortgage that had been in arrears for a considerable period of years and a new mortgage was given to include both principal and interest. First, would the interest be taxable in that year? Second, take a case under the provisions of the Farmers' Creditors Arrangement Act, where default has been made, and after going through certain proceedings, the mortgage reverts to its former position before action is taken. There would then be a large accumulated fund and interest which would come due. Would that apply in the same way here?

Mr. ABBOTT: To answer my hon. friend's first question, this section does not relate to mortgages as such. It relates only to security, funding securities in the nature of stocks, bonds, and so on, although the language is broad enough to cover securities in the sense that a mortgage is a security. That has always been the rule. Where a mortgage that is in arrears is paid up with arrears of interest and a new mortgage given consolidating the principal and interest, then I would think the portion of the new mortgage which represents the accumulated arrears of interest would be income in the year in which the new mortgage was taken. Therefore the answer there is in the affirmative.

Mr. WHITE (Hastings-Peterborough): How do you know the new mortgage would ever be paid?

Mr. ABBOTT: How do you know that the new Abitibi bonds will be paid? You take them. The creditor takes them in satisfying the interest and the claim in the same way that stock dividends and other dividends under the Income War Tax Act are income in the hands of the person who receives them. He is getting only a piece of paper, it is true, but the earned surplus of the company is capitalized; the shareholder gets new stock certificates for the arrears of dividends, and that has been income in the year in which it is received.

Mr. WHITE (Hastings-Peterborough): I am sorry to hear the minister say that, because I am more convinced than ever that there will be all sorts of ways and means found to evade it.

Mr. FLEMING: There is one word in this section which calls for a word of comment from the minister. In line 24 we find the following: "The value of the security or other right." In the case of a security that is of doubtful value, how is the department to determine the value? Will it be determined in the face amount of the substitute or supplemental security? Otherwise it will be a vague and uncertain kind of taxing provision.

Mr. ABBOTT: As my hon. friend who is a capable lawyer knows, value is a question of fact, and sometimes it is extremely difficult to ascertain just what the real value, the current value of a particular piece of property, is. I think the best line to follow is to use the word "value" in the act and, in the case of dispute, to leave it to the courts to determine what that value is. That is the usual procedure in any other case where there is a dispute as to value. Under the succession duties law, for instance; there may be another adjective attached to "value"; I do not remember. The essential word is "value". I take it that the practice would be for the taxpayer to report the funding security and to place a value on it. If the income tax collector felt that the value was too low he would assess for the difference. If the taxpayer were dissatisfied with the income tax collector's assessment he would appeal in the usual way, and in the final analysis, if it were sufficiently important it would have to go through the exchequer court and perhaps the supreme court. I see no other satisfactory way of putting it in the law. It would be dangerous in this case, as in most others to attempt to define what is value in the case of a fairly wide range of assets. I think it would be better to leave it to the appropriate forum, namely the court. That is what the courts are for in cases of disagreement.

Mr. FLEMING: I think the minister will agree that the first duty of parliament in writing taxation laws is to be just and fair. The second duty of parliament must be to achieve clarity and certainty in the taxing law. Here we have a provision which, according to the minister's statement, is bound to provide much administrative difficulty and to give rise to many disputes between the taxpayer and the taxing authorities. Undoubtedly it will be the occasion of many appeals. I wonder if the result is justified by the end that the minister is seeking to attain here.

What the minister has just said buttresses the argument of those on this side of the house who have been talking about the unfairness of a taxing measure which arbitrarily imposes a tax in the year in which the obligation is created regardless of whether it may or may not ever be satisfied and regardless of the period of time for which the obligation in redemption or liquidation of which it is given has arisen. Are not those factors which ought to weigh seriously in the minds of members in legislating for a new tax of this kind?

I urge that it is a contradiction in terms for parliament to legislate an income tax act which

says that something shall be income which may never come into the hands of the individual except perhaps as a piece of paper, which may never be translated into dollars and cents. It seems to me that by every canon of interpretation of income tax law, by every recognized rule, by the golden rule of interpretation, barring some special statutory definition, income is only that which is received. It becomes income only when it is actually received.

Here parliament is being asked to say that when a man has been given a piece of paper which is payable over a period of years, which in fact may never be paid, it shall be considered as income, and be taxable in the year in which it is handed over by the debtor to the creditor. I have heard the minister's explanation, in which he has been fair with the committee, but it does seem to me that in treating such rights as income a taxing measure such as the minister has described is manifestly unfair.

Mr. ABBOTT: As I say, I am fully conscious of the difficulties which are involved in this section. I gave it a tremendous amount of consideration when the Abitibi funding operations were on, for reasons which I think will be appreciated. At first I issued a statement that they would be taxed in the hands of the person who received them. Then I realized that that would be retroactive legislation which would be unfair, and I said it would be effective only from the time the budget was brought down. It is inevitable that we should have this sort of thing when we are dealing with intangible property rather than cash. It would be manifestly unfair to the taxpayer to use the term "face value".

I really think it is better to leave the matter for determination by the courts if necessary in the event of dispute. I venture to say that in ninety-nine cases out of 100 there will be no difficulty. In the case of publicly listed securities there are quotations on the market and those will establish the value for tax purposes. I imagine the difficulty will arise in the case of a private concern where there is no readily available market. Those cases are not very numerous, comparatively speaking. There it would be a matter for determination, in the first instance, by agreement if possible between the taxpayer and the income tax authorities and, in the event of dispute, for determination in the usual way.

As I say, I am conscious of the difficulties that are inherent in this thing, but I have not been able to find any better solution. As I pointed out before, this is the method which has been followed in Great Britain for a number of years and, so far as we can ascertain, it appears to have worked reasonably well.

[Mr. Fleming.]

Mr. MACDONNELL (Muskoka-Ontario): As a matter of clarification and administration, do I take it that if somebody happens to have securities in which the principal and interest are blended, it is perfectly clear that the principal comes out first? If the value were such as to show nothing over and above the principal, there would be no tax.

Mr. ABBOTT: There is a legal question involved there which I do not know that I would care to give an opinion on off hand. I am thinking of the rules in the province of Quebec with respect to the imputation of payments when there is a payment on account of principal and interest. It might be that there would have to be some apportionment between the capital obligation and the interest obligation. Our rule in Quebec is that if payment is made and there is no designation of payment by the debtor, it is paid, first, on account of interest and second, on account of principal. I do not know what the rule is in the common law provinces.

Mr. MACDONNELL (Muskoka-Ontario): I would have hoped that the minister had stopped with his first answer, but he evidently thought it required clarification. It seems to me that hardship will occur if that point is not made clear. Does the minister not think that should not be made clear?

Mr. ABBOTT: Apparently there was a case in Toronto where there was a large mortgage with substantial arrears of interest. A new mortgage was issued consolidating the principal and interest and then calling for the payment of principal and interest over a period of years. That case went to the exchequer court and certain rules have been laid down with respect to apportionment, but I could not give them. Again that is a matter of law. There is no definition in the act.

Mr. MACDONNELL (Muskoka-Ontario): We are making law now.

Mr. ABBOTT: This section will not make income of anything that would not be income at some time under some other provision of the act.

Mr. MACDONNELL (Muskoka-Ontario): I do not want to be too persistent, but if there is any doubt about that I should like to ask the minister whether he agrees, as I think he does, that perhaps we are imposing a considerable hardship upon people.

Mr. ABBOTT: The language of the section is quite specific; it says that payment must be made in lieu of payment of or otherwise

in satisfaction of an interest, dividend or other debt. That is the rule laid down here.

Section agreed to on division.

On section 3—Cooperatives.

Mr. JAENICKE: If I interpret this section aright it provides for something for which the cooperative union asked in their submission to the government in April. I commend the minister for introducing this section, and I am sorry to know that no more submissions by the cooperative union have been adopted by the government.

Mr. ABBOTT: There are two others.

Mr. JAENICKE: I intended to make a speech in support of the argument of the cooperative union, but in view of the work ahead of parliament I shall desist. I should like to ask the minister a question about the procedure in connection with the taxation of cooperatives. A few weeks ago I received a number of letters from cooperative associations in my constituency with respect to a directive that had been issued in connection with the filing of returns by cooperative associations. I do not think I can do better than read one of those letters which contains the wording of the directive and also an argument as to why the directive should be abandoned. This letter is addressed to me under date of April 28, 1947, by the Eston Cooperative Association Limited, and reads:

We have been advised of a recent directive of the Department of National Revenue, Ottawa, in regard to taxation of patronage dividends, reading as follows:

"Where a consumer cooperative sells to customers both 'cost of living goods' and 'cost of production goods' the onus is on the cooperative to make the division of the patronage dividend and show the amount that applies to each class of dividend on Form P.D. 5 supplementary, otherwise, if no division is shown, the whole of the patronage dividend will be taxed in the hands of the recipient, instead of just the portion which applies to 'cost of production goods'."

Our board of directors are convinced that it is impossible to comply with this directive. In some instances the co-op manager would know whether an item was "cost of production goods" or "consumer goods," but in most cases it would be impossible for him to know. For instance, how could he know whether a pound of nails went into a dwelling or into a pig pen? Or, whether a gallon of gas was used in a tractor, car, washing machine or stove? Groceries could even at times be "cost of production goods" if used to feed hired help.

We feel that the task of complying would be impossible, but if the manager should attempt it, the members could rightfully ask, "Who gave the co-op manager the right to say what is my income and what is not?"

We would ask you to use your influence to have this directive cancelled and let each taxpayer decide what part of his patronage dividend is income, and what part is not.

Hoping you will be able to help to straighten this out, we are,

Yours respectfully,
Eston Cooperative Association, Limited,
per V. M. Hanson, Secretary.

The question I wish to ask the minister is whether he has received many complaints and whether he has considered the cancellation of this directive, because I think it is oppressive and almost impossible to be complied with.

Mr. FULTON: Before the minister answers, may I associate myself with the question asked by the hon. member for Kindersley. I should like to remind the minister that I took up with him by letter this question along with several others affecting cooperatives. after having had the same point drawn to my attention, I wrote to the minister and received his reply of May 16, 1947. Since it is not marked "private", I presume there would be no objection if I at least gave the effect of it. I am glad to find that the minister said:

I am, nevertheless, giving consideration to the possibility of making changes in the act or in the regulations which will relieve cooperatives of tax for periods prior to January 1, 1946. If it is possible to make this change, notice will be given when the bill to amend the income tax act is brought down.

I read that into the record in order to ask the minister whether he is now in a position to say whether that change will be made.

Mr. ABBOTT: The change to which the hon. member has referred is made by this section. That is the change which the section is intended to accomplish.

Mr. FULTON: The point of the change was to relieve them of responsibility before 1946.

Mr. ABBOTT: That is done in this section. Although the section may look a little bit technical in its drafting, I can assure my hon. friend that is done or will be done when this section becomes law. There is no tax on cooperatives for 1946.

To answer the hon. member for Kindersley, I am not familiar with the problem which he has just raised. It sounds to me as if it were an administrative decision or ruling in the Department of National Revenue. I will see that his remarks are brought to the attention of the appropriate officers. I shall see whether the ruling to which the hon. member refers can be amended or varied in order to meet the point he has raised. I myself am not familiar with it. After listening to my hon. friend, I do not believe it is a point which would require legislation in order to accomplish what

he has in mind. That is not to admit, of course, that it is, of necessity desirable. But I do not think we should require an amendment to the act in order to allow that apportionment to which he refers to be made. I can assure my hon. friend that we would not need law to do that.

Mr. FULTON: A letter which I wrote to the minister, to which his letter was in reply, had to do with the same matter to which the hon. member for Kindersley was referring, and the objection which I was making was that the income tax return required cooperatives to show "what portion of refund was on 'living expense' and what on 'production expense'". The letter to me went on:

All this is entirely new and applies to 1945 business altho' paid in 1946.

The point made by my correspondent was this. After he had closed his books for 1945 and had not kept books in such a way that he could say what portion was on one and what was on the other, he wanted to know how he could be expected now, in 1947, to go back to 1945. Business done in 1945 was reflected in the 1946 tax which was payable on April 30, 1947. I had intended to cover both points in my letter to the minister, and when I saw his answer saying that the matter would be considered and possibly a change would be effected in this bill, I thought he was referring to both points. It does seem to me that to make a distinction between what portion of a payment is on "living expense" and what portion is on "production expense", is really more than an administrative matter. Would that not require a definition? Could that not be covered by a definition in the act?

Mr. ABBOTT: I am not too familiar with the particular practice to which the two hon. gentlemen have referred, but the officials assure me that this is a matter for administrative determination. The question of not being taxable in 1946 is taken care of in the amendment which is introduced in this section. The other question, I am told, does not require an amendment. The situation, as I understand it, is this. I think I made the statement in the house that a dividend from a consumer cooperative was not taxable, but a dividend from a producer cooperative was. There are some cooperatives which are both producer and consumer cooperatives. That is, I believe, correct. The difficulty arises in apportioning the patronage dividend which is declared and paid, as between the consumer part of the business and the producer part. That does not require specific law. That is a question of accounting practice, administrative determination, or whatever you like to call it. Possibly the Department of National Revenue makes certain rules on apportionment and those rules may not be—and I say "may not be"—soundly based. But they can change them if they are not. That is the point which I think my hon. friend has in mind.

Mr. FULTON: It is a matter entirely for the Department of National Revenue, is it?

Mr. ABBOTT: It is an administrative decision of the Department of National Revenue in accordance with the facts; it is made according to accounting principles, on whatever the facts show.

Mr. WHITE (Hastings-Peterborough): I should like to ask the minister one question while he is dealing with cooperatives, and I ask it purely as a matter of information. It has to do with the great confusion which exists among cheese factories as to whether they are to be taxed in 1947. In eastern Ontario there are a great many of these cheese factories; some are incorporated as cooperatives, some as joint stock companies, and some have really no legal incorporation of any kind. But roughly, the cheese factory consists simply of a number of farmers who have joined together for the production and manufacture of cheese and butter; and after the deduction of costs of manufacture and other running expenses, the remainder of the money on hand is divided among the patrons according to the number of pounds of milk they have sent in during the year. I think it would be helpful if the Minister of Finance or his colleague, the Minister of National Revenue, could make some kind of statement as to these various cheese factories. I would point out to the minister that the only official in the factory who is paid is the president, who is generally also the secretary and treasurer. They have the idea, perhaps wrongly, that they are now to be taxed and be burdened with complicated returns, deductions and things of that kind. If the minister could make some simple statement, I am sure it would be very much appreciated.

Mr. ABBOTT: That is perhaps right; if it were possible to make a statement which would cover all cases, it would undoubtedly be helpful. I am told that the conditions vary so much, as my hon. friend has indicated, in these different cooperatives that it is hard to make a short, simple statement covering them all. If they are a corporation, then, of course, they are subject to tax in 1947, the same as any other corporation. If they have paid out patronage dividends these are deductible as an expense before arriving at the net taxable income. My colleague the Minister of National Revenue points out that, in answer

to a question asked two or three months ago by my hon. friend, he gave this reply. I do not know whether the committee wants me to repeat it, but the question was:

Will the Minister of National Revenue in the near future make a statement in the house outlining the interpretation of the deputy minister of taxation of the 1946 amendment to the Income War Tax Act in regard to cooperatives in so far as the amendment applies to cheese factories in the province of Ontario which operate more or less on a cooperative basis?

The reply, which appears at page 261 of *Hansard,* was:

In view of the fact that cheese factories conduct their affairs in varied manners, it is not possible to state specifically which sections of the 1946 amendments to the Income War Tax Act, in so far as they refer to payments to customers, would be applicable to any particular cheese factory. The manner in which a cheese factory would be taxed would depend on whether it was wholly a cooperative, partly a cooperative or a purely private operation. In the case of any particular company it would, of course, be possible to give a specific answer privately to the taxpayer.

If it is not a corporation, incorporated under the cooperatives act of Ontario, if there is such an act, or some other act, then, of course, it would not be taxable at all as a corporation. The individual members would be taxable on any profits they made; but I am advised that it is almost and in fact quite impossible to give a general statement with respect to cooperatives other than a statement such as that given by the Minister of National Revenue, because of the wide variety of conditions under which the cheese factories operate; some operating as cooperatives, some more or less as cooperatives, as my hon. friend has said, and so on.

Mr. WHITE (Hastings-Peterborough): I want to point out that none of these cheese factories, as far as I know, pay any patronage dividends or anything of that kind. The only income a patron receives from his cheese factory is his share of the total proceeds which he receives, figured on the number of pounds of milk he sends during the year, after all the usual running expenses have been deducted. No one receives any dividend on his stock, or anything like that.

Mr. BOUCHER: I think the hon. member has raised an important point. There is a great deal of confusion in my own riding. A number of farmers, without actually incorporating, lend money to a cheese factory and claim to hold shares. But they and others send milk to the factory, and they are paid for their milk on this basis. The cost of production is estimated and deducted from the receipts, and the remainder is distributed to the farmers in accordance with the volume of milk delivered, with no provision whatever for the financial interest of anyone in the company. They are in a sense a cooperative, but they get no dividends or premiums; what they receive for their milk is entirely commensurate with the volume they bring in, and has little connection with the capital of the concern. In other words, no matter how many shares a farmer may hold in the enterprise, he does not get a bit more per pound of milk than the farmer who does not hold any shares. Many farmers have had to do this sort of thing in order to keep their factories operating. Some factories even pay a small rate of interest on the money lent by way of shares, but many do not even do that. There is no incorporation. They are cooperatives in the sense that the total cost of production is deducted from the bulk receipts, and the remainder is distributed on the basis of the amount of milk sent in. If the minister could make a statement dealing with a case of that kind I believe he would enlighten a great number of farmers in this community, and probably would end a good many of the difficulties of the hon. member for Hastings-Peterborough.

Mr. ABBOTT: I followed my hon. friend's remarks with some interest. As he stated the case, it seemed to me that this would be a sort of voluntary association, not incorporated. Perhaps it might be described as a partnership, and if so it would not be subject to taxation under this section. The individuals would be subject to tax on the receipts from their produce, but they would not be subject to the provisions of the Income War Tax Act with respect to the tax on corporations, which is the tax imposed on cooperative corporations the same as on all others.

Mr. BOUCHER: But they have been assessed for tax as an association by the Department of National Revenue. Really they are only partners; they are not cooperatives in the strict sense of the word. I believe the farmers will very much appreciate being notified of what the minister has just said.

Mr. ABBOTT: They might have been subject to the excess profits tax, of course, because that applied to partnerships as well as individuals.

Section agreed to.

On section 4—Exemptions and deductions.

Mr. PROBE: I wish to express once more my regret that there is no increase in the exemptions, which are indicated here as

$1,500 in the case of a married taxpayer, and so on down the line. I believe the present exemption of $100 per child is also too low. If one has a taxable income within the meaning of the act he is allowed an exemption of $100 for each child under the age of sixteen; and, in effect, by this legislation you have taken away whatever benefits a family enjoyed when it first received the family allowance. Once the child passes the age of sixteen, the family allowance stops, and of course the exemption is then increased to $300. That would be perhaps nearer the cost of maintaining a child than the exemption of $100 plus whatever the family allowance amounts to. There is some attempt at grading the expense, as I see it, because, in effect, an infant gets an exemption of about $160. Then, as the child gets on toward sixteen years of age, the exemption works up to $196, when it reaches the maximum of $300. I believe the minister has set that figure too low.

There is one matter I should like to mention in connection with this question of exemptions, and I ask the minister's permission to introduce it here. I refer to the exemptions allowed to a class of people who receive a great deal more by way of platitudes than by way of income, and I have in mind our teachers. They are subject to the same taxes and exemptions as other wage-earners, with the exception that they are not permitted deductions for what I think are necessary expenditures to stay abreast of their profession and keep up with educational procedure. I have particularly in mind such things as summer-school courses, which it is most necessary for teachers to take from time to time, and the acquisition and maintenance of an educational library. These things are not considered by taxation officials as allowable professional expenditures in the case of teachers, and it seems to me that the department should reconsider its attitude in this regard. Representations have been made to the government from time to time, and I believe there is a definite injustice.

Before I resume my seat, I should like to mention a matter in connection with the expense allowance permitted in certain districts for the necessary use of an automobile in the conduct of business; and I wish to refer the minister to a particular case in which I had an opportunity to see the documents. This refers to a real estate salesman who required the use of an automobile in 1944. Because there was gasoline rationing at that time apparently he was permitted to put in a claim to the extent of 6,000 miles of travel at 4½ cents a mile, making a deduction of $260, from which was deducted a quarter of the complete cost of the allowance, leaving his net deduction the sum of $202.50. That was the amount set down as his gasoline and car operational expenses for the year, despite the fact that there were vouchers in support of his claim which, in this instance, amounted to $328 for the year.

It seems to me that the treatment given by the minister's department to people who must necessarily use their automobiles in business differs considerably from the treatment the government gives its own civil servants who use their own automobiles and receive a mileage allowance running from eight cents to eleven cents, depending on the area in which they travel. If it is justifiable to give a higher allowance to civil servants who use their automobiles in their business, the same consideration should be given others, particularly those in receipt of incomes as modest as the one to which I have just referred, and which affects one of my own constituents.

Mr. ABBOTT: I will take into consideration the representations the hon. member has made. However, the policy for many years has been that salary and wages are income, by definition, and that deductions are not permitted therefrom. That rule has been followed in the past, and I would not be prepared to depart from it in this particular bill.

Mr. PROBE: It applies in no other provision.

Mr. ABBOTT: It is hard to say. I believe I could make out as good a case for some other provision, although I cannot think of one offhand. My worry in these matters is always that if I do something in one instance, where does it lead me? I do not want to keep putting off all these questions until we reach the general bill which I shall bring in, but which shall not be put through this year. However, that is an important question of principle which could be well discussed under the general bill. I can say to my hon. friend that I would not be prepared to introduce such an amendment in the amending bill, now before us. Therefore it cannot be made effective this year. Whether the matter should be reconsidered when the general bill is before us is, of course, another matter.

I have had numerous representations from the teachers' federation. An old friend of mine, one of the officers of the organization, came to see me about the matter not long ago, and I had a long chat with him. I have had similar representations from other groups, including the medical profession.

Mr. PROBE: Would the minister refer to the matter of the gasoline exemption?

Mr. ABBOTT: I shall give consideration to both matters.

Mr. MACDONNELL (Muskoka-Ontario): Would the minister say something about the complicated provision in section 4 (2), either now or after six o'clock.

Mr. ABBOTT: I have to cover this in two bills, both in the Excess Profits Tax Act and in this bill. However, it relates more particularly to the Excess Profits Tax Act because, as my hon. friend will recall, these special inventory reserves were available only as against the Excess Profits Tax Act. But it has to be in the Income War Tax Act, because the definition of "profits", for the purposes of the Excess Profits Tax Act, is income as determined under the Income War Tax Act. It has no bearing on the income tax payments by a corporation. So that perhaps it would be better if we were to deal with the matter under the Excess Profits Tax Act, where there is a section relating to it, and where it will be clearer as to what is being done.

Mr. MACDONNELL (Muskoka-Ontario): I am prepared to accept the minister's suggestion that it would be proper to deal with it in detail under the other bill, but I have another question which perhaps I should ask at eight o'clock.

Mr. ABBOTT: It will be possible for me give a full explanation under the Excess Profits Tax Act. However, if the hon. member would prefer to have this section stand, I shall let it stand.

Mr. MACDONNELL (Muskoka-Ontario): Perhaps it should stand until eight o'clock.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN: We are on section 4 of the Income War Tax Act, exemptions and deductions.

Mr. FLEMING: In view of the current increase in the cost of living—and I do not think anyone would care to say that the increase has ended—will consideration be given to increasing the exemption for dependents, say children?

Mr. ABBOTT: I do not think consideration will be given to that this year.

Mr. FLEMING: Was consideration given?

Mr. ABBOTT: Consideration was given to the whole picture, but the increased cost of living was not taken into account. The exemption structure has been worked out over a considerable period of time, and more effective relief can, I think, be given in the tax rate than by raising exemptions for children or for married status or raising the exemption to a level below which the income is not taxable.

Mr. FLEMING: If $300 a year was a fair deduction for children in times when the cost of living was not as high as it is today I suggest that, to maintain parity of treatment between those who have children dependents and other classes, some adjustment upward should be made in the exemptions for dependents.

Mr. ABBOTT: That point could, of course, be argued. But these exemptions must be looked at over the longer period. The cost of living varies from time to time. It is true that in recent months, perhaps years, it has been tending upward, but I would not be prepared to say that is a permanent trend, for we may well see some reduction in the cost of living. I do not think one should adjust income tax exemptions for children from year to year in accordance with the cost of living. It would be pretty difficult to work out a tax structure on that basis.

Mr. FLEMING: I agree that it is not the only factor to be considered, but I wonder if the time has not come when the minister or the government should give some consideration to that.

Mr. ABBOTT: I think subsection 2 was held over at the request of the hon. member for Muskoka-Ontario. I have an amendment to suggest simply for purposes of clarification.

Mr. MACDONNELL (Muskoka-Ontario): The minister had suggested that this might conveniently be dealt with in connection with the excess profits tax.

Mr. ABBOTT: While we are on this section, I would ask one of my colleagues to move this draft amendment:

That immediately after the words "provided that" in line 44 of page 3 of the bill there be added the words "for the purpose of determining profits under the Excess Profits Tax Act, 1940."

The section would then read:

Provided that for the purpose of determining profits under the Excess Profits Tax Act, 1940, where a corporation or joint stock company—

And so forth.

Mr. MacKINNON: I move accordingly, Mr. Chairman.

Mr. MACDONNELL (Muskoka-Ontario): It occurs to me that subsection 2 should stand and be considered when we are considering the excess profits tax so that we would not have to go over the same ground twice.

Mr. ABBOTT: I would prefer to finish this bill first.

Mr. MACDONNELL (Muskoka-Ontario): Has the minister anything further to say by way of explanation?

Mr. ABBOTT: It is an intricate provision and difficult to explain. The provision of the law, as my hon. friend knows, is this, that special inventory reserves could, under the Excess Profits Tax Act, be set up out of liability for excess profits tax and then be charged back at a later date if and when inventory losses were established. As we shall see under the Excess Profits Tax Act, any amount left over must be charged back anyway. If a loss is established in, let us say 1946, and an inventory loss taken in the same year, a portion of that reserve can be taken and charged back in that year, thereby converting the year into a year of profit. To take a specific case, if the operating loss were $10,000, including inventory losses, and a reserve of $40,000 had been set up, then $40,000 could be taken off and credited to profit and loss account, which would result in a profit for the year of $30,000. Under the averaging provisions in section 5(1) (p), that $10,000 operating loss could be taken back into the previous year, could be averaged with the previous year; and, suppose the previous year had shown a profit of $50,000; that $10,000 loss could be deducted from the profit so that a profit of $40,000 would be shown for that year. This would mean that the income tax branch would reopen the assessment for the previous year and, in averaging the loss, would make a new assessment for income tax. That is perfectly all right so far as income tax is concerned. But the loss so established should not be taken into account when taken back for excess profits tax purposes, because the reserve has already been taken as a deduction and should not again be taken in the averaging provision.

The purpose of this amendment is to assure that the loss which is taken back and averaged with a previous year will be for income tax purposes only, not for excess profits tax purposes. When you take back the figure and average for excess profits tax purposes you must take into account the figure arrived at for excess profits tax in the year in which the reserve is utilized in order that it will not be taken twice. That sounds complicated but that is the exact position. The reason for inserting the provision in the income tax act is that the act as it now stands provides that for the purpose of computing excess profits tax and liability for excess profits tax the net income for income tax purposes will be taken. That is perfectly all right except in cases such as we are now considering where a special reserve is utilized for arriving at profits for excess profits tax purposes but not for income tax purposes. The purpose of the amendment is to assure that the reserve will be utilized for the purpose here but should not be utilized twice, averaging the excess profits tax in a previous year where the benefit has already been taken. As my hon. friend knows, there is not a self-contained definition of income in the Excess Profits Tax Act. The definition in the income tax act is incorporated by reference into the Excess Profits Tax Act.

Mr. FLEMING: The last lines of paragraph 3 of section 4 read as follows:

. . . and connected with him by blood relationship, marriage or adoption.

These words are not new; they are in the present act, but I should like to ask the minister if, in point of interpretation by the department, the word "adoption" is construed as applying only where an adoption order has been made under an adoption act of one of the provinces, or whether "adoption" in fact in such case that the taxpayer stands *in loco parentis* to the dependent is sufficient without a formal adoption.

Mr. ABBOTT: I am advised that is adoption in fact, and that the exchequer court has recently so held. I am told that the contention of the income tax branch was that it was adoption in a legal sense by formal order, but that the exchequer court has held adoption in fact qualified under the section.

Mr. KNOWLES: One of the provisions of this section is to fix the exemption levels at $1,500 and $750. It is not my purpose at this time to discuss these levels as such, for we have already expressed our views with regard to that phase of the matter. I should like to know whether there has been any change made with respect to the point at which family allowances are recovered. My point in asking this is that last year some portion of the family allowance was recoverable in the case of a married taxpayer earning $1,300. As a matter of fact, at that point a married taxpayer with up to three dependents had to pay back five per cent of his family allowances. A

married taxpayer earning $1,400 and having even as many as four dependents, according to last year's rates, paid back ten per cent of the family allowance that he received. If that has not been changed, my point is that the effect is to establish two different exemption levels, and it provides, as from these levels, two different scales of taxation.

It is generally understood that a married man with four children would have an exemption level of $1,900. That is true, if the $1,900 is income that he earns at his employment; but if a married man with four children is earning only $1,400 and receives family allowance, let us say, of $312 for his four children, putting him up to a total of $1,712 I contend that he pays what amounts to a tax of ten per cent on the $312 family allowance that has been given to him. May I make the point again? Here is a married man with four children whose total income is only $1,712, but because $312 of that is family allowance he pays tax on all he has received over the level of $1,400; he does not get the benefit of the $1,900 level that is accorded to the average taxpayer. I am anxious to know whether a change has been made in connection with this matter.

Mr. ABBOTT: The recovery provisions do not apply any more since January 1, 1947. Since January 1, 1947, the structure is pretty fairly simplified. If a man has children of family allowance age he receives his basic exemption of $1,500, of course, for being married. Then, if he has four children of family allowance age he would be entitled to another $400 exemption, $100 per child and, as my hon. friend has pointed out, that would give him a total exemption of $1,900 before he pays any tax. But he receives his full family allowance for the four children and there is no refund whatsoever, no matter what his income may be.

In the other case cited by my hon. friend, a total income of $1,400 with four children, he pays no income tax, of course, because he is below the exemption limit, and he receives his full family allowance. On that basis, with four children, he could have an income up to $1,800.

Mr. KNOWLES: Up to $1,900.

Mr. ABBOTT: Yes, up to $1,900 if he had that income; that is correct. But if his income were $1,400 he pays no tax; he is below the exemption limit, and he does not need any children's exemption because his income is below the limit where it would be of any use to him. He receives full family allowance, whatever it may be, with the four children; it is not taxable income, of course, and there is no question of any refund in that case.

Mr. KNOWLES: I am very happy to hear that. Can the minister tell me how this arrangement was made? Was it by an administrative order?

Mr. ABBOTT: No; it is in the law; it has been there since last year's budget. It started on January 1, 1947. It was as a result of careful study and the combining of the family allowance and the basic exemption. That was one of the reasons why it was felt necessary that everyone who had children of family allowance age should apply for and receive family allowance in order that everyone would be on a uniform basis of exemptions and that there would be no question of these refunds or reductions of family allowance because of the income tax scale.

Mr. KNOWLES: In other words, family allowance is now treated as income and one does not pay tax on it unless the family allowance puts him above the normal brackets.

Mr. ABBOTT: Family allowance income is tax exempt income in the hands of anybody. If I have an income today of $1,900 and I have ten children, all of whom are eligible for family allowance, I get the family allowance for the full ten and I get my regular taxation exemption of $1,500 plus another $100 for each child. As a matter of fact, that would be $2,500 in the case I am giving. It would be a total exemption of $2,500 plus non-taxable income of whatever the family allowance would amount to for the ten children.

Mr. KNOWLES: So that the provisions that applied to the taxation year 1946 do not apply to 1947.

Mr. ABBOTT: Do not apply now. Since January 1, 1947, the new system has been in effect.

Mr. KNOWLES: That is fine.

Mr. SHAW: Before section 4 is disposed of, I should like to direct attention to one important matter. Residing in Canada we have quite a number of married men who entered this country as immigrants during the late twenties or at other times. Owing to adverse economic conditions which prevailed during the thirties, these persons were unable to contribute substantially, if at all, toward the maintenance of their families which were domiciled outside this country. With the commencement of the war and the general improvement in economic conditions, these persons, while able to contribute toward the support of their families, were not permitted

to do so because of war conditions. However, since the war, government regulations have permitted the transmission of funds abroad to provide for the wives and children; yet today we find that the department is refusing to recognize these persons as married persons. Even where receipts are produced showing that amounts of money are being forwarded for the support of these families, they are still not regarded as having married status. Does the minister regard that as completely fair; if not, what does he intend doing about it?

Mr. ABBOTT: I thought I must be dreaming or something, but that is the purpose of the present amendment; that is what the section is being amended to provide for. I thought for a moment that my hon. friend was suggesting some other case. The proposed amendment to the section provides that the restriction which formerly existed, that they must reside in any part of His Majesty's dominions or a country contiguous to Canada, or, residing elsewhere, be a subject or citizen of a country associated or allied with Canada in the conduct of the war, shall be removed. All that will be necessary under this bill will be for a person in Canada claiming married status to establish that he has a wife living, let us say in Czechoslovakia, and is remitting funds to support her.

Mr. SHAW: Will this apply to all countries or just to those countries which were allied with us?

Mr. ABBOTT: It will apply to all countries. We are removing the restriction now in the act that it must be His Majesty's dominions or a subject or citizen of a country associated or allied with Canada in the conduct of the war. There is now no limitation.

Mr. HAZEN: When we were in committee on the resolution I brought to the minister's attention what I considered to be discrimination against domestic servants in the maritime provinces. At that time I pointed out that a domestic servant in New Brunswick was obliged to add to his or her income $26 a month for board and lodging, while in the province of Quebec a similar domestic servant was obliged to add only $15 a month to his or her income. If my information was correct this meant that in certain instances a domestic servant in New Brunswick would have to pay income tax—this would apply also to the other maritime provinces—while a domestic servant in Quebec would not be obliged to do so.

At the same time I also brought to the minister's attention that porters, waiters and certain other employees on the Atlantic division of the railroad were obliged to add $300 to their incomes in lieu of tips, while in other railway divisions the same employees did not have to add this $300 to their income when making out their income tax returns. The minister stated at that time that there was no discrimination, but he said he would look into the matter.

Mr. ABBOTT: I think the Minister of National Revenue has information on that matter and one or two others that were brought up. I do not know the wishes of the committee, but I had thought that, after we had concluded the specific sections of the bill, the minister could then deal with the questions raised by my hon. friend. I think the point he raised could appropriately be discussed under this section and he may prefer to have the information now.

Mr. HAZEN: It makes no difference to me.

Mr. ABBOTT: Perhaps we might as well give it now.

Mr. McCANN: With regard to the first matter brought up by the hon. member, the answers which we have received from the several districts are to the effect that the allowances vary from $180 to $360 a year. The reports indicate, however, that there is no hard and fast rule and that every effort is made to take into account the type of home in which the domestic is employed and the nature of the board and lodging received. The amount of the wages and the nature of the board and lodging received really have to be taken together. The employer, in dealing with the employee, sometimes will offer a nicely furnished independent room, and a more than ordinarily luxurious table may be kept. A domestic may accept a lower monthly wage for steady employment in such a household than he or she would where the accommodation is on a minimum basis and tenure of employment less secure.

In general, the amount added in the majority of cases tends to run about $20 a month, and in the average case this is rather low having regard to present-day conditions and cost of living.

It is the belief of the administrative officers that this is a matter which should continue to be left to the judgment of the assessors and officials in the district offices familiar with the individual cases, and that to set any hard and fast rule may impose a hardship in some instances and allow unduly favourable treatment in others. Living conditions in various provinces and homes in Canada vary considerably and the assessors are required to make a fair-minded appraisal of the facts in each individual instance.

The second question which the hon. member asked had to do with tips paid to railway porters, stewards and waiters operating between Halifax and Montreal. I think the claim was that in the maritimes $300 was added, but that nothing was added in the case of the Montreal district. The consensus of the reports which we have received from our district offices throughout the country is that the cases are dealt with on their merits, much depending on the nature of the run upon which the employee may be engaged. A waiter attending people in the luxury class travelling, say from Toronto to Vancouver, would undoubtedly receive much more in the way of tips than a waiter on a train, say from Montreal to Sherbrooke or Quebec, where only the casual businessman would have a meal in the club car. In this, as in other matters, the heads of the district offices attempt to deal on a factual basis, which means that they make due allowance for differences in circumstances of the individual taxpayer.

The problem of income by way of tips, however, is difficult. It is in the category of income of which there is no record and in all cases our assessors have to be governed by some attempt to determine probabilities.

Their general attitude where they set arbitrary allowances for tips is to set them safely on the low side. Three hundred dollars a year for a waiter with a run on a transcontinental luxury train would be about $1 a day or thirty-five cents per meal hour. I do not think anyone with any familiarity with the facts would complain that this was excessive as a yearly basis for tips which such a man might receive.

Mr. HAZEN: Do I understand that the amounts charged for board and lodging would vary in different cases in New Brunswick, or are they the same in all cases?

Mr. McCANN: It would vary in different cases, but the average is approximately $20 a month.

Mr. FRASER: When we were in the resolution stage the Minister of National Revenue said that he would consider changing the regulations in regard to the return of T.D. 2 forms and change the date from the seventh of the month to the fifteenth and thus give a few extra days in which to make the return. I wonder if he can give us anything in regard to that. I might say that there has been a suggestion from some of the inspectors that clerks in different counties put a partial return in with their pay sheets and that the present practice tends to mess up their books.

Mr. ABBOTT: Perhaps that could be answered a little later on this evening. In any event, it would be covered by an administrative regulation.

Mr. McKAY: Family allowance payments stop at the age of sixteen years. Is the taxpayer allowed an exemption of $300 in the year the allowance stops for a youth of sixteen? If not, what is the taxation method employed in such cases?

Mr. ABBOTT: In the case of a child attaining the age of sixteen, I am advised that if at the end of the year the child is sixteen years of age or older, the $300 exemption may be claimed, although family allowance payments may have been received for part of the year. There is a little edge there in favour of the taxpayer.

Mr. FAIR: In the early part of the discussion I asked the Minister of Finance a number of questions and he promised to give an answer on some section of the bill.

Mr. ABBOTT: I have those questions. They do not relate to any particular section of this bill. They were the ones I had in mind giving the answers to at the conclusion of the committee's discussion. I have the data here and I thought I would perhaps give it when we reached the last section of the bill.

Mr. McCANN: To answer the question asked by the hon. member for Peterborough West, I might say that at the present time section 92 of the act requires every employer to remit the amount of tax deducted or withheld at the source within one week of the day when he became liable to pay the relative salary or wages, or at such other time as the minister may prescribe by regulation. Administrative experience proved, however, that it was more advantageous to have remittances made monthly. A regulation was therefore issued requiring employers to remit such amounts by the seventh of the month following. Generally speaking, this has been found to be satisfactory. It has been our practice to grant reasonable extensions of time to employers who, because of unusual circumstances, such as irregular mail delivery, are unable to remit within the time prescribed.

With regard to the letter from the county clerk of Peterborough to which the hon. member referred, our Belleville office advise that they have experienced very little difficulty with this taxpayer, but have on one or two occasions had to mail out our form letter, TDL 1, which is used as a warning in instances where remittances are not received within the

time prescribed. They have no record of having imposed any penalty for non-compliance and feel that the fine referred to in the letter must apply to some matter other than tax deduction.

They are not aware of having been requested by this taxpayer to grant an extension of time, but are most anxious to cooperate and will certainly give the matter every consideration if a request is received.

Mr. FRASER: Will the minister consider allowing the time to extend to the fifteenth of the month, in stormy weather?

Mr. McCANN: As has been stated, consideration will be given to meet extraordinary conditions as they arise.

Mr. ARCHIBALD: I should like to raise again a question that I referred to during the resolution stage with respect to people living in northern, out of the way areas. Could they have transportation expense to a doctor included in the exemption? I have experience of cases which are sent south, say from the Queen Charlotte islands, to Vancouver. They are dismissed from the hospital but must live in a rooming house near the hospital in order to go there for treatment each day. Yet that expense is not exempted, and it is making it absolutely impossible for fishermen, for instance, who live in villages at out of the way points along the coast, to take treatment. They would like to go to live in Vancouver but it is economically impossible. I bring this to the attention of the minister in the hope that he can do something about it.

Mr. ABBOTT: As I understand my hon. friend's question—and I remember when he asked it before—it was to extend the application of extraordinary medical expenses to the cost of board and lodging when, of necessity, people have to come from remote points to get hospitalization. I promised to give consideration to that, and I will do so, but it is a big question. You cannot just say you can give that exemption without consideration, because you have to see where these things lead you. This is importing an unusual principle into the income tax law when it is suggested that we allow board and lodging as an expense. I can see that it would be an expense which relatives would necessarily be put to, or even the people who were going down to undergo treatment. But I do not believe that I should be prepared to introduce an amendment in this year's bill without giving the matter much more consideration than I have been able to do up to the present time. I doubt whether the present

provisions of the act are broad enough to cover it. I think it would require an amendment to the law.

Mr. WHITE (Hastings-Peterborough): I should like to ask the minister a question which affects married veterans attending university. Take the case of a veteran attending a university, who is married and is drawing only $60 a month allowance, but is not drawing the extra allowance for his wife, and his wife is working. Suppose she is earning $2,000 a year. In that case is the wife entitled to a $1,500 exemption? If, during the summer months, the husband earns, say $500, what would be the amount which would be deducted from the wife's exemption?

Mr. ABBOTT: In the case given by my hon. friend, I am advised that the wife would be entitled to take the married exemption of $1,500. The $60 a month, or whatever it is which the veteran would be receiving—that would be a matter of $720 a year—while it is not taxable in his hands, is taken into account in calculating the wife's married exemption; and it would probably have the effect of reducing it by the amount which it exceeds $250. The extra $500 odd would reduce the wife's $1,500 exemption by a corresponding amount. It works in just the same way as it would if the husband were in receipt of the income and the wife in receipt of the smaller revenue.

Mr. WHITE (Hastings-Peterborough): Has there been some change, or do I understand the minister correctly? Suppose the veteran gets $600 or at the rate of $60 a month. Do I understand the minister correctly as saying that from the $600 he deducts $250, and the remainder over $250 is deductible from the wife's exemption?

Mr. ABBOTT: That is correct. There was one point I overlooked in answering my hon. friend's question. If the veteran earned extra money during the summer, that would have to be included as well in calculating the wife's final exemption.

Mr. WHITE (Hastings-Peterborough): Then I would suggest to the minister that, at that rate, this $60 a month which is a part of the reestablishment credit, is really being taxed?

Mr. ABBOTT: No, there is no tax on it.

Mr. WHITE (Hastings-Peterborough): It is the same thing. His wife has to suffer. It is deducted from her exemption for married status.

The CHAIRMAN: Shall the amendment carry?

Mr. WHITE (Hastings-Peterborough): Just a minute. I should like to ask the minister a further question. Take the case of a child attending university. Is that child still allowed to earn up to $400 during the summer and the parent still get exemption?

Mr. ABBOTT: That is correct, if the child is under twenty-one years of age.

Mr. WHITE (Hastings-Peterborough): Under twenty-one, of course. Then I suggest to the minister that it is hardly fair that the child can earn up to $400 and the parent can still get exemption, while the husband who is also in this case going to school, will really have part of his reestablishment credit deducted from his wife's exemption of $1,500. I think the minister will agree that is hardly fair.

Mr. ABBOTT: Logically, of course, when providing the $250 rule in the case of a married woman we should have done the same thing in the case of dependents who are going to college; but I am advised that would make it unnecessarily complicated, and it was decided to leave that just as it was. There was one point I overlooked, which I should have mentioned: that the wife gets the $1,500 exemption on the assumption, of course, that she is supporting the husband.

Mr. WHITE (Hastings-Peterborough): She is assisting to support her husband.

Mr. ABBOTT: That is right; but the whole basis of the marital exemption for anyone, as I have had to point out time and again here, is that the spouse who is getting the exemption is supporting the other spouse. If the husband or wife, as the case may be, is only partly supporting the other consort, then the exemption is correspondingly reduced. That is the basis of the exemption.

Mr. WHITE (Hastings-Peterborough): But I would point out that there seems to be a certain amount of discrimination against the veteran who is getting $60 a month. You take the various other benefits allowed under war service act, or under the Veterans' Land Act. A veteran who takes up land under that act gets extensive benefits by way of loans for the purchase of stock, and so on, which he does not have to pay back; and then a certain amount is written off. In that case there is no question of any part of the grant being taxable in any way. But here is a veteran attending university; he is really being taxed on his reestablishment credit.

Mr. ABBOTT: There is no tax on the reestablishment credit of the veteran. If the veteran is not married he supports himself, presumably, out of the allowance he gets under the provisions relating to veterans attending university. He gets his university fees paid, and works in the summer. If he has a wife who is able to earn income which is taxable, then he lives a little better than the veteran who is single; but the wife is entitled to an exemption as a married woman only if she is supporting her husband, if her husband is dependent upon her for support. So that there is no tax on the husband's allowance as a veteran. As to there being any discrimination as between the veteran attending university and the veteran going on the land, I think anyone who knows, as my hon. friend does, the monetary value of a college education will realize that the money cost is very much more than in almost any other branch of veterans benefits, because a man who is capable and qualified to go to university can get the equivalent of five or six or seven thousand dollars in veterans benefits over the course of his university career.

Mr. WHITE (Hastings-Peterborough): I would not altogether say that. It depends upon the length of time the veteran spent in the armed forces. If he has been in the army for only a year he gets credit only for twelve months at university.

Mr. ABBOTT: That applies to the other benefits also.

Mr. WHITE (Hastings-Peterborough): Yes; and it is only in a few cases that a veteran who has been in the army for only six or twelve or eighteen months is going to have his tuition and fees paid for the full course.

Mr. ABBOTT: That is right; but the point is that proportionately the veteran who is able to qualify to go to university gets a higher benefit than almost any other class of veteran.

Mr. MACKENZIE: As to potential benefits for boys going to university, there is discretion in the minister to continue their courses into post-graduate work; so that those benefits can be much greater than the $2,300 odd they get under the Veterans Land Act.

Mr. BROOKS: I did not intend to refer to that point, but I think the minister will agree that those benefits are extended only to those who come within the seventy-five per cent average.

Mr. MACKENZIE: Yes.

Mr. BROOKS: And I believe they are very few.

The question I wished to ask the minister was in relation to a farmer or other person who might have a woodlot on which the lumber had been growing for a long period of years. We know that during the war,

when prices were high, much of this lumber was cut; and many farmers and others who owned these small woodlots were very much surprised to find themselves taxed for the full amount they received for their lumber. If they realized five or six or seven thousand dollars they had to pay the tax on that amount as income for that particular year. This was felt to be quite a hardship. I believe the question of exemptions comes in here again. As I have said, this lumber was growing for perhaps twenty-five or thirty years; and if the amount realized had been spread over a number of years, these men would have received the benefit of the exemptions for each year. I believe what applies to lumber applies also to a man who sold his herd of cattle. The amount he received from the sale of his herd, which had taken a good many years to build up, was taxed as income for that one year. I should like to have the minister's opinion on these points.

Mr. ABBOTT: My hon. friend is asking a large question which, of course, involves a difficult administrative decision as to what is capital and what is income. If the taxpayer in question were a farmer, I do not know whether lumber could be included in the averaging which is now available to farmers.

Mr. BROOKS: It is not a yearly crop.

Mr. ABBOTT: That is true. Certainly if he had any losses he could average them against it. I am afraid I could not give my hon. friend an offhand opinion as to what the ruling of the income tax branch would or should be in the case of a sale of wood or lumber. Obviously there is a point at which the line has to be drawn between capital and income; and I would think the case is analogous to that of the basic herd, which we are discussing here.

Mr. BROOKS: I think there is some unfairness.

Mr. ABBOTT: This is a point where I can see there would be room for unfairness.

Mr. QUELCH: Does the minister wish to leave all the questions raised by the hon. member for Battle River until the end?

Mr. ABBOTT: That was what I thought. I have a memorandum in which I have covered the various points the hon. member raised, and I thought it might make for more orderly discussion if I handled them all, say on the last section.

[Mr. Brooks.]

Mr. ASHBY: These income taxes are, I assume, a method of attaining some end. What is the aim, the end in view in connection with these income taxes?

Mr. ABBOTT: The main end in view is to help pay the country's bills.

Mr. ASHBY: Why do you tax the people; and if you do tax the people, what is it you desire? Do you desire paper money, bills; or pieces of metal, coins; or do you desire signs or symbols, units of account which are dollars? I should like the minister to answer.

Mr. ABBOTT: Well, we are not too particular. We want something the public will take in payment of the country's liabilities.

Mr. ASHBY: Then would the minister answer this question. Why are the people taxed? The people are neither the creators, the source of paper money, nor the source of coins, nor the source of these signs or symbols which are dollars. Would the minister tell me why the income tax officials do not go to the source of money to obtain it?

Mr. ABBOTT: I am afraid I am not able to answer my hon. friend's question. My own view is that the only source from which we can collect taxes is people.

Mr. ASHBY: I did not hear what the minister said; he was talking away from me.

Mr. ABBOTT: Yes; I was addressing the Chair. I said that from my experience the only source of taxation is people. You cannot tax inanimate things.

Mr. ASHBY: Why tax at all? You see, I do not create any money except my own turkey money. The source of money is definitely not the people, and I claim that all taxation is downright robbery. I am just waiting until the people are sufficiently awake to this robbery that they will demand the immediate resignation of all officials who are imposing these penalties upon them.

I spoke to the deputy minister of taxation on the sixth floor of this building, and I introduced him to my wife as the commander in chief who engaged the troops to rob us on our own farms of money which we did not create and which we require for production. I claim that today production is being deliberately restricted, because I know that on my own farms, if it were not for this income tax I would wire my sons and tell them to get busy and produce to capacity. Yet on my own farms, where I can produce 500 to 1,000 hogs a year, not a single hog is being born because of this downright robbery. I can

produce a ton of butter at present a month, but I am not producing a single pound of butter for sale. Agriculture throughout Canada can produce all the wool we require if we could cut out this damnable robbery. I claim the Minister of Finance will be held personally responsible for this insecurity he has created.

This robbery must cease. I am telling my people, and telling them bluntly, that until they revolt against this robbery they will never obtain their freedom. And I claim this income tax is introduced and imposed upon the people for no reason other than that of bringing them down to the status of slaves.

The minister does not know why people are taxed, when all the money, all the figures in the world can be created at will. I rode down on the train with a couple of senators, and I asked those old senators why in the world they permitted this robbery to continue. They said to me, "Where is the money coming from?" "Why", I said, "do you really want to know?" "Yes," they said. "Well now", I said, "don't resist what I am going to tell you. You sit right there and I will tell you where the money comes from." Then I pulled a bill out of my pocket, and I asked them, "What is this?" They said, "This is ten dollars." I said, "It is not ten dollars, because it says right on the bill 'will pay to the bearer on demand ten dollars.' "

I say, if we want bills, we can create all the bills we want, all we desire. All we have to do is to get the authority and call up the British American Bank Note Company. I believe that is the company which printed this one I have in my hand; yes, I see it was the British American Bank Note Company. They make them. This is a perfectly good bill; it is perfectly good money; there is nothing wrong with it. The British American Bank Note Company is an absolutely reliable company.

Mr. CRUICKSHANK: On a question of privilege, when an hon. member produces a document, does he not have to table it?

Mr. ASHBY: I am perfectly willing to have it tabled.

Some hon. MEMBERS: Page boy!

Some hon. MEMBERS: Table it.

Mr. McCANN: Sticky fingers.

Mr. ASHBY: I said to these senators, "All we have to do is to instruct this reliable company to print all the bills we require, if it is paper money we need. They can bring them to us by the bale. All we have to do is to ask them how much they charge for running these through." Then, if they say they charge a thousand dollars, I can peel a thousand dollars off the bale and pay them. The remainder costs us nothing.

Then, when it comes to coins, I say we can produce all the coins we want, absolutely free. If a lump of gold, silver or copper, or whatever it may be, were brought and placed upon my desk, and if I had the authority I could obtain it all, absolutely free. I do not know how I can get it otherwise, except absolutely free. I can say to the man, "Here, take $10,000 out of the bale, and I will buy it." The bills cost me nothing. The man would say, "Well, I am not going to lug around a bale of bills on my back. I do not want to take bills in exchange for this gold." I can say, "Well, fill up a couple of gunny sacks of coins, get a wheelbarrow, and I will pay you in coin." He will say, "No, I don't want to go down the street wheeling a wheelbarrow full of coins."

Now, how else can I buy gold? Well, the legitimate way is to turn over the pages of a ledger, enter the number of his account at the top of the page, put down the date and credit his account with ten thousand units of account, or dollars, or the symbols we call dollars. And I can give him a little bankbook; I think I have one in my pocket. They cost us nothing.

I merely enter his name in this little bankbook which I have taken out of my drawer, and I enter in it the sum of $10,000—a perfectly legal procedure. There is nothing wrong with it. I have created this ten thousand units of account, or true dollars.

Mr. MITCHELL: If what the hon. member says is true, why does he not sit down and write each one of us in the House of Commons a cheque for $10,000? We would all be rich then.

Mr. ASHBY: I can do that. But if we all did that, confusion would result. I say this is perfectly legitimate. There is nothing wrong with it. There is nothing wrong with these bills.

Mr. CRUICKSHANK: Send them over so that we can see.

Mr. ASHBY: And there is nothing wrong with our coin. There is nothing wrong with entering these units of account, or dollars, in this ledger. I am certain there are no people in the world who are greater experts on these matters than are the bankers themselves; and it is done every day in this manner.

I should like the Minister of Finance to give me a definite answer as to why the government does not go to the source for dollars, instead of impoverishing the people.

Mr. ABBOTT: Before I could recommend that I would have to believe in my hon. friend's theories—which I do not. So that I am afraid what he suggests will not be brought into effect until his party is in power, and he is Minister of Finance.

I do not wish to limit the discussion, but I would recall to the attention of hon. members, through you Mr. Chairman, that we are dealing with an amendment to the Income War Tax Act which relates to permissible deductions from income. I would hope that hon. members might confine their criticism to the amendment proposed.

The DEPUTY CHAIRMAN: There is an amendment to section 4 (2) now before the committee.

Amendment agreed to.

Mr. ADAMSON: Then I understand that we are still on section 4?

Mr. ABBOTT: There are various subsections to section 4. It might make for orderly discussion if we were to consider them one by one. We have passed subsection 2 of section 4; what about subsection 3?

Mr. ADAMSON: I wish to make only one comment, with respect to subsection 1 (e) (ii) (C):

(C) under twenty-one years of age and a student at a secondary school, university, or other educational institution.

I leave this suggestion with the minister; and I do not expect, of course, that he will carry it out this year. However I would expect the department to give it consideration. Let me point out that our universities and our higher educational establishments, despite the extraordinarily heavy enrolments which have taken place, are having a progressively more difficult time to make ends meet. I suggest to the department and the government that consideration be given to a direct deduction for secondary and higher education. I think that is important. The present situation is not peculiar to Canada but is happening all through the United States as well. Tuition fees are going up and almost every educational institution finds that its revenues are not sufficient to meet its charges. I would suggest that educational fees, fees paid for sons and daughters attending these educational institutions, be allowed as a deduction from income tax. I suggest that, not only because it is a good thing to encourage higher education, but because of the difficulties in which the universities find themselves. The university of Toronto, while its endowment is heavy, will face serious difficulties in the years to come in regard to higher education.

[Mr. Ashby.]

Mr. CRUICKSHANK: Do you include Rhodes scholars in that?

Mr. ADAMSON: I would not be surprised—

Mr. CRUICKSHANK: Why?

Mr. ADAMSON: Are you a Rhodes scholar?

An hon. MEMBER: That will hold you, George, for a while.

Mr. ADAMSON: Subsection 3(iii) (B) reads:

(B) on underground development by a taxpayer operating a mine in a period of twelve months ending not later than the thirty-first day of December, 1950.

In that case one-half of the expenditures made during exploration is allowed. I suggest that here again one-half is not sufficient. I would ask that all the exploration charges be allowed as a deduction. I may be in error as to the exact intent of this clause, but it appears to me that here we have one-half of the expenditures made on underground development by a taxpayer developing a mine allowed as a deduction, and there are two or three things of which I believe the government is not fully aware. The United States experience—and they have suffered more or less in the same way as we have—is that not only are all the expenses of rehabilitating a mine allowed but that congress has passed an act actually bonusing a mine to get back into operation.

Mr. ABBOTT: This is a special deferred maintenance provision. One-half can be charged back to a different period.

Mr. ADAMSON: I appreciate that. This is not exploration.

Mr. ABBOTT: What I mean is that this is a special provision in the law for deferred maintenance. The full cost of underground development by a taxpayer operating a mine can be taken at some time or another. This is a special provision given to taxpayers to make expenditures in a certain period, some time prior to 1950, and to charge half back to another period, say 1946, 1945 or 1944. The other half will presumably be charged in the year in which the expenditure is actually made.

Mr. ADAMSON: Therefore, if a mine is badly behind in its development, as every mine with one or two exceptions is, and is able to get sufficient labour to catch up with its development and put its development into shape it can say in 1949 or 1950: We have spent so many thousands of dollars on back development work which we should have done in 1944 or 1945, and therefore we can take that development as a direct charge against the excess profits taxes we paid in 1944.

Mr. ABBOTT: That is it exactly. They can take half of it then and the other half in the year in which the expenditure was actually made.

Mr. ADAMSON: And get a refund of the excess profits tax paid?

Mr. ABBOTT: Yes. It is purely optional. They can take it all in the year in which the expenditure was made, or they can take it back into 1944 and reopen the year 1944 and get a refund of the excess profits tax that has been paid.

Mr. ADAMSON: I think that will be helpful. One expects the excess profits tax to come off at the end of the year.

Clause (5) (W) reads:

(W) such amount as the governor in council may, by regulation, allow for amounts paid in respect of taxes imposed on the income, or any part thereof, by the government of a province by way of tax on income derived from mining operations or income derived from logging operations.

Will that include royalties? Let me give an example. The Helen mine is a low-grade iron deposit that cannot develop without a certain amount of assistance and I understand that there was some talk of a royalty being given to the mine because there was great difficulty in sintering this low-grade ore. There was some talk of the province of Ontario assisting in this operation by lending them some money and having the thing put on a royalty basis. If a royalty was payable of so much a ton on the ore treated, would that be considered a tax under this section?

Mr. ABBOTT: This has always been allowed. The only purpose of the amendment, which is indicated by the underlined words, is to make sure that the provincial profits tax will be imposed on the same income as the dominion income tax against which the provincial profits tax is taken as a deduction before calculating the dominion tax. This is to make sure that it is not a tax on previous years that is claimed as a deduction in the particular year in which the mining profits are subject to tax under the dominion act. Royalties such as my hon. friend suggests are always taxable as an expense of the operating company before arriving at the net taxable income under the dominion act.

Mr. ADAMSON: I had this out with the minister's predecessor and it was never quite clear just what the position was. Several properties paid royalties to the province and they were not allowed them as a deduction. I merely want to have it made absolutely clear that a royalty paid to the province is allowed as a tax deduction or allowed as an expense.

Mr. ABBOTT: That is the case if it is a royalty in the true sense of the word. If it is the return of an advance that has been made by somebody and is called a royalty that would not be an expense of operation, but the ordinary royalty in the true sense of the term is an expense of operating a mine or timber limit or whatever it may be, and as such is deductible as an expense from gross income before arriving at the net taxable income under the act. That, I understand, has always been the case.

Mr. ROSS (Souris): If a farmer employs casual labour is it still necessary for him to deduct the tax if the labourer is working at a rate that would bring him into the taxation bracket? Are the farmers supposed to deduct the tax and send it in?

Mr. ABBOTT: I believe that is correct; they are treated in the same way as any other man.

Mr. ROSS (Souris): There is one other point I should like to take a minute or two on, because on his estimates the Minister of Agriculture said that it should be discussed when the income tax bills were before the committee, and this is a case where it is actually in order. The minister has made several statements pointing out that the deduction of $500 for the production of hogs and dairy products would really not work out as was suggested. On several occasions he said that the figures showed that only seven per cent of the farmers in Canada were paying taxes. That may be true in the general picture; but, according to the 1941 census, there were about 650,000 farmers in Canada. In 1945, some 27,411 farmers were assessed income tax. Out of those 27,411, 20,372 were from the three prairie provinces. Not many days ago we received another return showing that, out of 108 inspectors assessing farmers' income tax in Canada, seventy-nine were employed in the three prairie provinces, compared with twenty-nine in the other six provinces of Canada. The point I am coming to is that in these three prairie provinces for some reason there has been a great decrease in the production of hogs and of beef cattle. The other evening I asked the minister if he could tell us the position of beef cattle between the prairie provinces and the rest of Canada. I have the figures now for Canada in 1945, which was the last year I could get, showing 6,760,000 beef cattle in Canada. Of this number, 3,596,000

beef cattle were in the three prairie provinces, again a greater number than in all the rest of Canada.

In the matter of hog production, the greatest year in history showed a total of some 8,863,000 hogs. Of this number, 5,768,000 odd were produced in the three prairie provinces. They have now practically gone out of hog production in the three prairie provinces. While the figures given by the Minister of Agriculture may be generally true of Canada as a whole, these figures give some idea of the great decrease in the production of essential foodstuffs, at least in the three prairie provinces. Yet for some reason or another the department has come to the conclusion that the inspectors should move into these particular provinces. I am not saying that they should not do that; probably they should do it all over Canada, but I think it proves conclusively that in a very short period of time, for some reason, if not income tax—I think it certainly enters into the picture—we have lost the production of some millions of hogs in these three provinces.

The situation is not as set forth by the minister the other night that, in driving through Ontario and Quebec, one finds that in each of these provinces the bulk of the production came from places where you found two or three brood sows on the farm and maybe up to a dozen or twenty steers. That is not the situation. The bulk of the beef comes from the three prairie provinces, and in the years of heavy production the great majority of the hogs came from the three prairie provinces. I wanted to put that on the record to support the request which has been made by several hon. members that serious consideration be given to some further exemption for such production as that. On the facts I have given, one can say that the request was well taken and should be seriously considered. If these figures can be refuted I should be glad to hear it.

Mr. ABBOTT: I am afraid I am not competent to discuss the reasons for the reduction in hog production in western Canada. I doubt whether it is due to the income tax law, although that may have some little effect on it, but I would say that it must be due to other causes. I dare say that on his estimates or at some appropriate time the Minister of Agriculture will deal with the subject.

Mr. ROSS (Souris): I hope it will be in order at that time.

Mr. FAIR: The Minister of Finance and the Minister of National Revenue are the ones to deal with income tax. I believe that the hon. member for Souris is quite correct in the statements he has made. These statements can be obtained from any number of farmers in my part of the country and from many others with whom I have come into contact in Ontario and in other parts as well. I believe that the Minister of Finance is the man who has to find the money to pay the country's bills. If he will not go to the proper sources for it, if he will not do what was suggested by the hon. member for Souris, then he is helping to cut down the production on Canadian farms.

Mr. CARDIFF: How much money are you supposed to pay a hired man before he comes under the income tax brackets? Is there a stated amount?

Mr. ABBOTT: It depends on whether he is married or single. It is all set out in the tables and I shall read it. If he is working a certain number of days which produces an income in the case of a single man in excess of $750 and in the case of a married man in excess of $1,500, taking into account the value of board and room and so on, then the deduction must be made.

Mr. CARDIFF: If you are hiring the man only for a day or for a few days is it necessary to make the deduction? Is there a stated number of days that you must pay him before you take anything from him?

Mr. ABBOTT: The daily rate is set out in the new table. For a single man, the rate is $2.70 to $2.79 a day. If you pay a man that amount or in excess of that the table of deductions starts and it is at that rate. If he is a married man the wage could be large without the requirement for a deduction. The income tax deduction tables, which are available in the Department of National Revenue, show the point at which it starts.

Mr. CARDIFF: I understand that the deduction would start after you pay him over $2.79 a day.

Mr. ABBOTT: If he is a single man.

Mr. FAIR: Is the minister aware that, in many cases, if a farmer tells his hired man that he is going to take income tax from him he puts on his coat and goes on to the next farm where he does not have to pay income tax. If the minister is not aware of that, how is he to take care of it?

Mr. ABBOTT: I dare say that is true. There are a lot of people in this country—I suppose it is human nature—who do not like to pay taxes and who try to avoid paying them; but somebody has to pay them if they do not pay them. If the particular man that

my hon. friend is referring to does not pay them somebody else has to pay the shot. We try to catch up with him; but, human nature being what it is and with the shortage of enforcement staff, of course we do not get them all. The fact of the matter is that there is a responsibility on every citizen of this country who gets the benefit of the country and the protection that the law affords to pay their proper share of the taxes. I have no sympathy for those who take advantage of one means or another to avoid the payment of taxes. That is what it is, evasion, and nothing else.

Mr. SMITH (Calgary West): I am sorry I did not get in until quite late. Does the word "mine" here include an oil well? I am not speaking of deferred maintenance or anything like that.

Mr. ABBOTT: This is the first time the question has been raised. I do not believe it does.

Mr. SMITH (Calgary West): We get in through some other back door.

Mr. ABBOTT: I think so, yes.

Mr. QUELCH: Keeping in mind the exemptions in this section, I am interested in the reply that the minister gave to the hon. member for Edmonton East, namely, that the purpose of taxation was to provide revenue. I think he will admit that that is only part of the answer because, during the war, we were told that the main purpose of taxation was not merely to provide revenue but to curtail expenditure; in other words, to prevent inflation. I take it that in setting up this schedule the minister has in mind that the present rate of taxation is necessary in order to prevent inflation. The point I am interested in is this: If the situation that he pointed out in his budget speech develops whereby our income becomes lower, demand falls off and unemployment increases, then I should imagine it would be necessary to try to stimulate spending. The deputy minister of finance, Doctor Clark, made it quite clear and I quoted from his speech where he said that during the war the main purpose of maintaining heavy taxation was to curtail spending. Then, for exactly opposite reasons after the war it will be necessary to reduce taxation in order to expand spending. I take it that the present rate of taxation is the rate the department considers necessary to stabilize demand and supply. What will be the point when we reach the period which the minister envisaged in his speech where demand starts to lag? Will the government then still further reduce taxation in order to encourage spending or, on the other hand, will they then be willing to create the money required to expand the purchasing power of the people? I think that is an interesting point.

I have in mind the fact that Mr. Graham Towers, during a broadcast on post-war finance, admitted that the time may come when demand falls off and for that reason it will not be desirable to increase taxation. We may have unemployment and it may be necessary to finance national projects. Obviously you could not finance those national projects by increased taxation because that would reduce still further your demand in relation to supply. Mr. Graham Towers admitted that, when that time comes, he would advocate the creation of money to finance worth-while projects. Would the minister agree that the present scale of taxation is not merely for the purpose of providing revenue but is for the purpose of maintaining a balance between demand and supply?

Mr. ABBOTT: I was very much interested in the observations of my hon. friend who has a good grasp of this question, but I do not think this is the proper time to discuss theories of taxation, the economic effects of taxation or the use of the income tax or any other tax as a fiscal weapon. I will content myself with saying that the primary purpose of taxation is to raise the necessary revenues to pay the current expenses of the country, to provide for the servicing of its national debt and, if possible, to reduce that debt. Of course it has an incidental effect in that it is a powerful fiscal weapon; it is an anti-inflationary weapon.

It is perfectly true that during the war we were spending a great deal of money and producing a great deal. Goods were being paid for but were not being consumed. In that case high taxes were a potent fiscal weapon in order to prevent inflation. However, I do not think this is the time to discuss these questions. We are on a specific section of the income tax act and I do not think this is relevant. On an appropriate occasion I shall be glad to debate and discuss these questions with my hon. friend on which, as I say, he has a wide and specialized knowledge, but I do not think this is the time.

Mr. QUELCH: In the past we have not considered it necessary to try to raise enough revenue by taxation to balance the budget, because in the eighty years since confederation we have had only sixteen balanced budgets. This shows that we have not considered it necessary to try to balance revenues with expenditures. Therefore I am wondering why at this time the government are not willing

to raise the exemptions. I take it that the only reason the government are not prepared to raise the exemptions is that, if they do that, it will cause inflation. Naturally, when you increase the purchasing power in the lower income brackets you are creating a greater demand for goods than you could by increasing the purchasing power of any other class. It is the people in the lower income brackets who largely spend their incomes on goods.

Mr. ABBOTT: I deny the statement of my hon. friend that the only purpose of maintaining the income tax at the present level is to prevent inflation; the purpose is to raise the necessary revenues to pay our bills this year and, while conditions are good, to make a reasonable contribution toward the reduction of the national debt. I am not one of those who believe that you can indulge in deficit financing year after year, although there may be years when it is necessary. I repeat that I do not intend to be drawn and I do not think I should be drawn into a discussion of these questions. If we are, there will be no end to it because there are a great many other members who would like to voice their views. I suggest that it is not relevant to the section we are discussing.

Mr. SMITH (Calgary West): On what authority does the minister say that a drilled oil well is not a mine? Mines are used for the production of minerals and oil is classified as a mineral. When we reserve rights in the crown for mines and minerals we also reserve oil, the basis being that oil is considered a mineral. That may be wrong in fact; nevertheless that is the interpretation which the courts have given. I should like to know why the man who drills a small hole in the ground in order to get a mineral is any different from the man who digs a shaft as large as the aisle between us. They are both in the same position as far as I can see. There is no doubt that oil is a mineral and there should be no difference whether you dig a small shaft or a large one.

Mr. ABBOTT: My hon. friend may be perfectly right. So far as I am aware, this is the first time the question was raised and I just gave it my off-hand opinion. Perhaps an oil well is a mine.

Mr. CASTLEDEN: Is the Department of Finance or the Department of National Revenue doing anything with regard to the many requests which have come from agricultural bodies throughout the country asking that a broader interpretation be made of the regulations in order to make it possible for a farmer whose whole family is taking part in the production of a certain income not to be the one against whom the whole income is assessed? I think there is a general realization that farming is different from ordinary business. The income tax forms are evidently made out to take care of the ordinary business operating from year to year. Farming is quite a different thing. Farmers and farm organizations have protested and urged that something be done. I understood the minister to say that something was being done and I should like to know if that is so. At the same time could he tell us if anything is being done to simplify tax forms for farmers. The T.1 supplementary is quite simple and it can be filled out by most farmers who have any records at all. It seems to me that that would be quite sufficient for the large majority of farmers.

Mr. ABBOTT: The second part of my hon. friend's question relates to the Department of National Revenue. As to members of a family working on a farm, the same position obtains there as with any other group. If a farmer's sons are working for him he can pay them wages and he can deduct those wages as an expense of his own.

Mr. CASTLEDEN: If they are over sixteen years.

Mr. ABBOTT: I have forgotten the administrative rule. Of course, if he pays them too much he loses the benefit of the exemption which he is entitled to claim under the income tax act, of $300 in the case of a child over sixteen years. The same rule applies to the man with a business or store who has sons working for him.

Mr. CASTLEDEN: If a man operating a business in town requires any help he hires it from other people around; they come in and assist him. I suppose it would be possible for his children to go and work for someone else. In the case of a good many farm families children of eight or nine years of age help feed the hogs and milk the cows. The wife on the farm helps in the production by milking the cows, taking care of chickens and working in the garden. The income earned by the woman in western Canada who raises a couple of hundred turkeys, hundreds of pounds of chickens, eggs and cream, is all placed on the one man. I understood the minister to say that something was being done about the matter, and I wanted to know what has been done or what has been contemplated. Then there is my other question about the simplification of the tax form.

Mr. MICHAUD: If I understood the minister correctly, he said that a farmer is entitled to pay wages to his son. It seems

to me that I did hear him add, "And if he is over sixteen years of age, can claim exemption." Is that a fact?

Mr. ABBOTT: He cannot claim both.

Mr. MICHAUD: I wanted to be clear on it.

Mr. ABBOTT: As I have said, he cannot claim both.

Mr. MICHAUD: In other words, if he pays his son wages in excess of the exemption, I gather that he cannot claim any exemption. Is that correct?

Mr. ABBOTT: That is correct.

Mr. MICHAUD: I was not quite clear. I might have misunderstood the minister.

Mr. ABBOTT: That is right.

Mr. MICHAUD: I should like an answer to the question raised by the hon. member for Yorkton with respect to the farmer's wife. Is there anything on that? Is there any relief?

Mr. ABBOTT: Of course the same question comes up year after year. The farmer's wife is in the same position as a small storekeeper's wife who helps him in his store, or a man's wife who has a little garden at his home, who works in the garden, keeps chickens, and so on. It has never been felt, either by my predecessor or by myself, that a special income tax provision should be made for the farmer's wife as distinguished from other groups in the community.

Mr. BROOKS: There was another question I should like to ask the minister with reference to veterans and the exemption for students. In the case of a student under twenty-one years of age, the parent is exempted if he is supporting the student. As the minister knows, there were a good many young men of eighteen or nineteen years of age who were in the army for only one and a half or two years. They get their $60 a month, but they are now over twenty-one years of age, and are being supported at the universities by their parents. I think there should be a clause exempting the parent who is supporting those sons and daughters, and providing for the same exemption for them. The principle of exempting them under twenty-one is exactly the same principle as should apply in exempting them over twenty-one. Has any consideration been given to that?

Mr. ABBOTT: Yes, quite extensive consideration has been given to it. I dealt with this matter at some length when we were at the resolution stage. I explained that the age limit of twenty-one was fixed with this idea in mind. That is the age at which, ordinarily, young people finish their arts course or their ordinary university course. If they are going on to take specialized professional training to become lawyers, engineers, or whatever it may be, it is felt that the income tax exemption for the parents should not continue beyond that age. In other words, it is felt that there should not be a special income tax exemption for those who are carrying on post-graduate studies. That does not run into very large figures. As my hon. friend will appreciate, a $300 exemption, with a taxation rate of twenty per cent, which carries one up to the type of income of something of the order of $5,000, is worth only $60 a year under the new schedule of tax rates, so that it is not a substantial proportion of the cost of education. The costs, of course, run very much more than that, and they must be found from other sources. So that if one takes the case of parents who are helping to send their children to university, in the average income group of $5,000 a year, which perhaps is putting it high, the tax value of that to the parent is, in any event, only $60 under the new act.

Mr. BROOKS: I was not speaking of the general application. I was speaking only of the young man who is in the army.

Mr. ABBOTT: You had reference to veterans.

Mr. BROOKS: Yes.

Mr. HANSELL: I do not intend to just ask a question here, and I do not intend to say anything on this section except what I wish to say right now. We are on section 4 of Bill No. 269, an act to amend the Income War Tax Act. This is a large section with a good many subsections, divisions, subdivisions and a few sub-subdivisions. The whole thing is on the matter of income tax, exemption and some details in administration. What I wish to say is this, and it is in respect to the two questions that were asked by the hon. member for Edmonton East and the hon. member for Acadia. These questions could have been asked on the resolution stage of the bill but we are always met with this reply, "Well, now, if you will wait until the bill comes down, I will be able to answer it then." By obliging the minister, we let the resolution pass and wait till the bill comes down. Surely, when we are discussing a section like this we should be able to ask the minister a few questions as to why all this income tax is necessary. The hon. member for Edmonton

East asked, what is the purpose of this taxation? Why take it out of the people? Why not go to the very source from which money comes? The minister evaded that question—

Mr. ABBOTT: No. He answered it.

Mr. HANSELL: —by saying he did not want to get involved—

Mr. ABBOTT: No, he answered it, and answered it directly.

Mr. HANSELL: I will accept the minister's statement, but I am quite confident that when he reads *Hansard* tomorrow he will find that it was not answered directly. The hon. member for Acadia asked a subsequent question, and I think these questions are fundamental because they get down to the basis of taxation. The hon. member for Acadia asked, are these exemptions set in order to avoid inflation or to create revenue? The minister gave what I contend to be an answer similar to what I have indicated, namely, "Well, I do not want to get into a technical discussion of the philosophy of money", or something of that kind. All I say is this, Mr. Chairman, and I will sit down. If there is one place where we have a right to know what the taxation officials or what the Department of Finance really know about money and the reason for having or not having taxation, this is the place. If all this taxation is not necessary we, the people's representatives, have a right to know; and I take it that the officials are not able to answer. I take that from the answer which the minister has given. I say these things kindly. We in this corner of the house do not believe that there is need for such great taxation. Our position is that the only time when taxation is needed is when there is a surplus of money over and above production, so that it must be drawn off. We claim that the government could go to the source from which money originally comes and get it from there for the purpose of revenue.

The DEPUTY CHAIRMAN: Shall clause 4 as amended carry?

Mr. FAIR: I am still confused about the situation with respect to the payment to a farmer's family in relation to farm produce. We have been given what I consider to be contradictory explanations in connection with this, and I should appreciate it very much if the minister would tonight give us an explanation which would stand up year after year. On some occasions we have been told that a farmer can pay his family without affecting the allowance as dependents. Again we have been told we cannot do that. I should like very much to get a definite statement by which we can go from year to year.

Mr. ABBOTT: I thought I had given that answer a few minutes ago. I am told that the age is sixteen; apparently that is an administrative ruling.

Mr. FAIR: Then children below sixteen can or cannot be paid?

Mr. ABBOTT: I am informed that below sixteen they can be paid and the payment can be deducted from the farmer's income as an expense if the payment is in cash, the same as he would pay any other hired help.

Mr. MICHAUD: What about the $100 exemption, now?

Mr. ABBOTT: That is very simple. If a man hires one of his children to work for him and pays that child more than the amount which renders him totally dependent upon the father, he cannot claim the exemption. In other words, as I understand it, by administrative practice in the Department of National Revenue a so-called dependent can have income up to $400 and still be classed as a dependent of the father or parent claiming the exemption. That would mean, I take it, that a father could pay his minor child, provided that he paid him in cash, up to $400 for his work on the farm. At the same time he would have to include the value of board and room, I suppose, if he were claiming the exemption; and if the cash payment plus the value of board and room ran over $400, then the parent could not claim the $300 exemption or the $100 exemption, as the case may be.

Mr. FAIR: Now may I ask the Minister of National Revenue whether he concurs in that statement by the Minister of Finance?

Mr. McCANN: Yes. Perhaps I might be a little more explicit than the Minister of Finance has been, since this question was raised previously by the hon. member. First, in connection with the question of the amount that is to be added back to a farmer's income in order to cover the estimated value of the commercial produce of the farm which, instead of being taken to market for sale, is actually consumed by the family for food—I think this is what the hon. member wants answered—the replies from the district offices indicate that here every attempt is made to proceed on the basis of the facts. All the districts make such allowances; but in those areas in which extensive mixed farming is carried on and therefore the family does use a much higher proportion of the commercial product than, say, in the semi-arid areas, the amount added

tends to be higher. The range runs from a minimum of $25 to $100 per person per annum, with $50 as a rough average. On some farms the output is so diversified as to permit of the maintenance of a very liberal table with the purchase of a relatively small amount from local stores. Taking into consideration the present cost of living, the amounts added back are, we claim, definitely on the modest side.

Then I may say that it has been the administrative practice to allow a farmer to deduct from his income the amount of any cash payments he makes to members of his family other than his wife for work done on the farm; but in that event, where this is done it is the practice to make an allowance for the value of the board of a child or children, which is putting them in the same category as if they were hired help rather than members of the family. Naturally, if the payment to the child plus the value of board exceeds $400 the farmer cannot claim for the dependency allowance with respect to that child. This follows the regular rule applicable to all taxpayers. It must be emphasized that money must be paid in cash and not in kind.

In addition, I should like to make a short statement in reference to the farmer's wife. Where a farmer's wife receives income from a small flock of poultry, et cetera, these are considered as purely normal things in the life of a farmer's wife and the proceeds from anything she sells in this category are not required to be included in income. I made a similar statement a year ago, and that has been the practice.

Mr. McKAY: Is any maximum put on that?

Mr. McCANN: Cases in which a farmer's wife devoted eight hours a day or three hundred days in the year to out-farm work would be rare exceptions, not worth calling for any major change. That is, where it is a side-line on the farm, and the farmer's wife obtains an amount of money, we have not been asking them to put that in as a return of income.

Mr. FAIR: I am under the impression that today a farmer is assessed, on the average, $50 for every member of his family, for garden produce and other things of that kind. Is that correct?

Mr. McCANN: That is right.

Mr. WRIGHT: Then, in towns and cities during the war many people had victory gardens, and many people have gardens today. Is a similar charge made against those people?

Mr. ABBOTT: I think the answer to that is that they are not deriving their living from that work, and of course the farmer is.

Mr. FAIR: That is not quite correct. The farmer is deriving his living from the sale of grain, live stock and other things of that kind. He is in exactly the same position as the people in cities and towns who have gardens, from which in many cases they get a good share of their living. I am not for a moment advocating that people in towns and cities who have gardens should be taxed on anything they grow, because I believe they should have some slight pay, whatever it might amount to, for the work they do in the garden. These things should be taken care of, but they are not taken care of satisfactorily at the present time.

Mr. GREEN: There is one question I should like to direct to the minister in connection with the married veteran attending university. In some of these cases the wives are working, and I understand that some difficulty has arisen in that, while the husband's allowance is not taxable—

Mr. ABBOTT: If my hon. friend will permit me, I think he was not in his seat when I dealt with this matter at some length earlier this evening, in reply to the hon. member for Hastings-Peterborough.

Mr. GREEN: Was it the case of the allowance preventing the wife from being granted the status of a married person?

Mr. ABBOTT: Not preventing her from getting the status; but if the allowance ran over a certain amount and the husband also earned something during vacation, it would reduce her $1,500 exemption to a lower level, depending upon the amount by which her husband's allowance exceeded $250. The reason for the wife's exemption of $1,500 under those circumstances would, of course, be the assumption that she was fully supporting her husband, because that is how it applies in reverse. I dealt with this question at some length earlier in the evening.

Mr. GREEN: Is the allowance paid the husband considered as part of his income? I can quite see that any money he earned during vacation would be considered income.

Mr. ABBOTT: It is not taxable in his hands, but it is considered a source of income in so far as his wife's $1,500 exemption is concerned, if she is earning money and supporting him.

The DEPUTY CHAIRMAN: Did the hon. member for Restigouche-Madawaska have a question to ask?

Mr. MICHAUD: I got my answer from the minister privately, and I am satisfied.

Mr. SINNOTT: I am not going to take up very much time, but I want to say in the most kindly way and most constructive way that here as members of parliament, we are all interested in trying to do what is best for our country. We are attempting to discourage inflation and, at the same time, get production. I have been on a farm for twenty-five years, and no one knows better than I do what farmers' wives and families do in connection with the production of farm products. If we are to have the increased production we want, then we must discourage deflation. Nothing is more likely to keep the boys on the farm than to encourage them to make a little money on the side. Those boys who have been brought up on the farm, and at the ages of four or five years can drive horses, or at eight or nine years of age can drive tractors, are the ones who will make constructive farmers. If we have to depend upon some of these people from the city, then let me say that they do more damage than they are worth. They let the horses run away and they damage more machinery than would equal the value of their services. So that at this time we must encourage the income tax branch all we possibly can to give the man who produces a chance where he can get away from income tax, and thus encourage production. I hope the minister will give every possible attention to this matter.

Mr. ROWE: I think there was confusion between the Minister of Finance and the Minister of National Revenue.

Mr. McCANN: Not a bit.

Mr. ROWE: There is not?

Mr. McCANN: No.

Mr. ROWE: Well, I am glad there is not on this issue, because on many issues I know there is. I thought I heard the Minister of Finance say that if a boy on a farm earned $400, that is all he could be allowed as exemption from income tax. Yet the Minister of National Revenue said that he could be paid the same wages as any other member of the staff. If there is no difference, then I should like to find out what happens if he received $800, because in my district the wage is about $100 a month. If a boy is to be forced to leave his own home and go out to earn $100 a month from a neighbour, rather than have that exemption from his own family, then surely, if there is unity between the ministers, they should get together.

[The Deputy Chairman.]

Mr. ABBOTT: There is no conflict. The $400 has relevance only to this extent, that that is the figure which is taken in the Department of National Revenue as being the figure up to which a child can have income and still retain the status of dependency upon the parent. So that the farmer can pay his son cash wages, and if those cash wages, taken together with the value of his board and lodging, do not run over $400 the farmer can still claim the full $300 for that child as a person fully dependent upon him.

Mr. ROWE: That is over and above $400?

Mr. ABBOTT: If it runs over $400, or if, for instance, he pays his son $700 and the cost of board and lodging is worth another $25 per month, that makes $1,000. The taxable income for tax purposes of the son in excess of the $750 exemption will be $250, and the farmer will lose the $300 exemption which he could claim if the child were a person totally dependent upon him.

Mr. FAIR: I have one more question for the minister to answer. We are getting more satisfactory answers tonight than we have ever been able to get before. In hundreds of instances across the prairie provinces a farmer's wife will milk three or four cows. She will do that work herself, ship the cream to the creamery and receive the cream cheques. The same farmer's wife may possibly have 75 or 100 chickens, and sell eggs. She has that for her own spending money. Does a farmer have to pay income tax on those amounts? The farmer's wife does all the work herself; the farmer does not have a thing to do with it. She receives the cheques and spends the money. What happens in a case of that kind?

Mr. McCANN: Individual cases have to be considered on their merits. If the money she receives in proportion to the full income of the farm is not out of keeping with what she might have by way of pocket money, it is not taxable.

Mr. FAIR: There is a principle there; I do not think it should come down to individual cases. If a principle were laid down we would know where we stand, because, as I said before, the imposition of this tax has considerably cut down production of cream, milk, butter and eggs.

Mr. MACDONNELL (Muskoka-Ontario): I thought the subsections were to be called. If not, I should like to ask a question about section 4 (4). What is that order in council?

Mr. ABBOTT: That is the order in council which fixes the period of twelve months commencing January 1, 1946, and terminating

December 31, 1948, within which this deferred maintenance could be taken. My hon. friend may recall that when the resolution was under discussion I made a statement in the house. I was engaged with preparation of the budget at the time the order in council was passed and, after carefully reconsidering it, I felt that the rule should be as is contained in this section which I am now introducing, namely that it is to be a twelve-month period to be determined by the governor in council ending not later than December 31, 1950. The advice of the Department of Justice was that we could make a statutory provision that the order in council which specified the period under the old section should be revoked.

Mr. MACDONNELL (Muskoka-Ontario): These are strong words—"shall be deemed not to have come into operation or to have been made." Does that mean nothing was done under it at all?

Mr. ABBOTT: That is right.

Mr. MACDONNELL (Muskoka-Ontario): It is just as if it had never been passed?

Mr. ABBOTT: Yes.

Mr. MACDONNELL (Muskoka-Ontario): Just one question with regard to subsection 5. What is the reason for this being dealt with by regulation? Surely that is unusual. Why does this particular case have to be dealt with in that way, and is it the intention to continue to leave it that way?

Mr. ABBOTT: Yes, I think it will remain that way. That language is now in the act. The only change is in the words which are underlined, to assure that it will be profits imposed with respect to the same income in both provincial and federal jurisdictions.

Mr. MACDONNELL (Muskoka-Ontario): I am raising a broader question. Why is it necessary to have this left entirely to regulation? Am I not right in thinking that is an unusual way of giving exemption, and what is the reason for it?

Mr. ABBOTT: As my hon. friend will appreciate, this is a concession which is given, not to a province, but to taxpayers who are subject to tax in a province on the same profits. In the agreements with the provinces with respect to taxation, which existed during the war, it became necessary to specify what were profits derived from mining operations or on income derived from logging operations. I believe the committee will appreciate that there is a difference between mining operations as such, and the processing of ore. There is a difference between revenues from logging operations and operations in connection with the finishing of lumber. It is difficult to spell this out in a statute and, as is the case in a number of these situations, it is desirable to leave some latitude, some flexibility. But rather than leave it in the discretion of the minister, it was provided in the law that the condition would be fixed by the governor in council and would be known to all who are interested. It provides a more flexible way of amending the provisions, if they are found to be unsatisfactory.

Mr. MACDONNELL (Muskoka-Ontario): I suggest that it might give rise to another kind of log-rolling.

Mr. FLEMING: I should like to speak with respect to subsection 5, about which there has already been some discussion. What reference has this to matters under discussion between the dominion and the provinces? As I understand it, in the negotiations with reference to new tax agreements the position taken by the provinces was that they should have those six so-called minor fields of taxation yielded up to them exclusively, and that, in addition, they should have priority in the fields of mining and logging, because in that instance it was the development of natural resources which was being taxed, and for that reason they felt they should have priorities in those fields. Would the minister make a statement as to the relationship between this amendment in section 4 (5) and those matters that were under negotiation between the dominion and the provinces.

Mr. ABBOTT: This provision permitting a deduction from income tax for this particular purpose applies whether or not a province enters into a taxation agreement with the dominion. Ordinarily the general rule is and always has been that, for purposes of dominion income tax, the taxpayer is not entitled to deduct profits tax, a tax in the nature of income tax paid to a provincial jurisdiction. There is an exception, however, in the case of mining and logging profits, and that applies whether or not a province enters into a taxation agreement with the dominion. In other words, all provinces are entitled to impose taxes on mining and logging profits, and those taxes may be deducted as an expense by the taxpayer as though they were an expense under the dominion income tax law. But in order to protect the dominion treasury in respect of this special deduction which is allowed for this type of income, it must be clearly income derived from logging and mining operations, and not income derived from processing operations, or income derived from manufacturing the logs, for

instance, after they have been cut. The only purpose of this amendment is to make it clear that the profits tax or income tax imposed should be on the same income in each case, and not, for instance, on the income of a previous year, although paid in the same taxation year.

Mr. FLEMING: I thank the minister for his clear statement. Will he say to what extent the terms of this amendment go in meeting the views of the provinces as set out in the negotiations? I gathered from the minister's statement that it goes a substantial way, but that there still remains a field perhaps in connection with processing where the demands of the provinces have not been fully met by the amendment.

Mr. ABBOTT: I am not quite sure to what negotiations my hon. friend is referring.

Mr. FLEMING: I am referring to the position taken by the provinces a year ago in this building at the dominion-provincial conference, when they asserted their claim to the six minor taxation fields and priority in the fields of logging and mining. This amendment, I gather from the minister's statement, does go some way in recognizing the claim of the provinces to priority in mining and logging.

Mr. ABBOTT: This amendment does not change the position at all. Paragraph (w) as contained in the law last year extended the principle that logging and mining profits taxes imposed by any province could be deducted from gross profits before computing dominion income tax. The amendment this year is a minor one to ensure that the profits tax will be calculated on the same set of profits, not on other profits.

Mr. SMITH (Calgary West): In this subsection the term "mining operations" is a different expression from that used in subsection 3. I would ask the minister whether mining operations covers the drilling of an oil well.

Mr. ABBOTT: I would have to give very much the same answer I gave in the other case. I do not believe it is. But if drilling an oil well is mining I suppose it would be covered.

Mr. SMITH (Calgary West): Can the minister tell me why it is not? Drilling an oil well is clearly a mining operation. It cannot be anything else. It is going into the ground for minerals just as all mining is.

[Mr. Abbott.]

Mr. ABBOTT: I am told that no provincial government in Canada imposes any income tax on oil well companies. It all takes the form of a royalty, and that, of course, is clearly deductible. So that the question has not arisen as a practical one so far.

Mr. SMITH (Calgary West): The minister is quite right about that. But let us look to the future. I live in a place where, if I may say so, with great respect, they may tax anything.

Mr. ABBOTT: It might encourage the imposition of a profits tax by provincial governments. I do not know whether we should do that or not.

Mr. SMITH (Calgary West): I take it that the simple answer is this. The minister says that he does not know whether mining operations covers drilling for oil or not.

Mr. ABBOTT: I do not believe it does.

Mr. SMITH (Calgary West): My opinion is so contrary to his. Oil is a mineral and drilling for oil is a mining operation. You go into the ground to get it. Gold is a mineral and you go into the ground to get it. The only difference is the size of the hole you put down.

Mr. ABBOTT: My hon. friend is an expert on oil wells and I am not.

Mr. BLACKMORE: Before we pass this section, I wonder if it would not be a good thing to ask the minister what he would consider an appropriate occasion upon which we might discuss this whole question of taxing people for money rather than having it created by the dominion government itself. He suggested a while ago it might be a good thing to discuss it on an appropriate occasion. What would he suggest as an appropriate occasion?

Mr. ABBOTT: My experience, in my seven years in the house is that, during the course of a session, numerous occasions arise in which this matter is debated at length. One occasion would, I suppose, be the estimates of the Department of Finance. I do not know; I do not want to put any ideas into the hon. gentleman's head, but I suppose that would be an occasion. Certainly in the course of the seven years I have been here I have found there have been many occasions such as the second readings of various financial bills and a variety of other occasions when the question has been discussed at some length whether we can finance without imposing taxes. What those other occasions may be I cannot think of many of them offhand, but I know that the amendment to this section of the Income War Tax Act is not the appropriate place.

Mr. HANSELL: When would the minister like to be engaged in such a discussion, because we shall be glad to suit his convenience?

The DEPUTY CHAIRMAN: Order.

Mr. MacNICOL: Following up the inquiry of the hon. member for Calgary West as to whether the production of oil is a mining operation or not, what is the minister's view of the operations of those who are planning to produce oil from the sands of the Athabaska river? That is definitely a mining proposition. Will they have any consideration in the matter of exemption?

Mr. SMITH (Calgary West): It is absolutely a mining operation, done with shovels, mining the oil from shale. It is mining and nothing else.

Mr. ABBOTT: I repeat again what I said before, that the question only has significance in the case of a profits tax being imposed by a provincial jurisdiction. There is no provincial jurisdiction which imposes a profits tax on the production of oil today. That is my information. Therefore at the moment we are discussing a hypothetical question. It is an interesting one, and I always like to discuss hypothetical questions, but it has no practical significance in connection with this amendment.

Mr. SMITH (Calgary West): But once something gets on the statute books and is interpreted, it stands that way. I agree with the minister that what they get is a royalty, in our province one of 12½ per cent. The minister generously said that he allows them that, and I appreciate his generosity in that particular. Of course it is none of his business anyway because the province owns the resources. I am not suspicious of the minister; I am suspicious of the government of the province in which I live, and I should like the views of the minister perhaps a little more expertly directed than he has shown up to the moment as to why the drilling of an oil well is not a mining operation.

Mr. ABBOTT: That is a question to which I would have to give the most careful consideration. I would hesitate to try to give a snap answer this evening.

Mr. SMITH (Calgary West): I will accept that; I have been stalled quite often and I have become used to it.

Mr. MacNICOL: I have not yet received an answer to my question.

Mr. SMITH (Calgary West): You never will.

Mr. MacNICOL: Does the minister consider the production of oil from the tar sands of Alberta the same type of business as the production of oil from an oil well?

Mr. ABBOTT: That is a question I am not really competent to answer. The answer is the same one I gave to the hon. member. It has no practical significance, because I believe that there is no profits tax as such imposed by the province on the particular development to which my hon. friend refers, and I have never had to consider it.

Mr. SMITH (Calgary West): You spent millions of your own money up there.

Mr. ADAMSON: Is it true that there are only two provinces, namely the provinces which have not come into agreement with the dominion, which impose corporation profits tax on mining operations? Is that so?

Mr. ABBOTT: No. I believe there are other provinces. I would have to check, although I am told that Saskatchewan has a type of taxation which is called a royalty, but which is, in fact, on a net basis.

Mr. ADAMSON: I know the circumstances of that tax which operates on a particular property. The point I am making is purely and simply directed to exempt taxes paid by mining and logging companies which pay corporation profit taxes to the provinces.

Mr. ABBOTT: Not necessarily corporation profits taxes. This is profits tax or income tax on income derived from logging or mining operations, and it would not necessarily have to be a corporation; it could be an individual who has engaged in that type of work.

Mr. ADAMSON: An individual engaged in cutting trees? I have never heard of a case like that. If he paid taxation it would be on a stumpage basis, would it not?

Mr. ABBOTT: Probably it does not exist today; but suppose a provincial government imposed an income tax, as it is free to do. It could impose it on a man who was engaged in logging and mining operations. It would have to be a special tax imposed with respect to these two types of operation; but it would be clearly within the rights of a provincial government to impose such a tax. I do not know that they do now.

Mr. ADAMSON: Therefore you are getting to this; you are exempting from double taxation mining and logging? That is the basis?

Mr. ABBOTT: That is correct.

Mr. ADAMSON: Mining and logging are exempt from double taxation?

Mr. ABBOTT: Yes.

Mr. ADAMSON: If, as and when applied by a province?

Mr. ABBOTT: That is correct.

Section agreed to.

On section 5—Deduction not allowed on certain taxes paid to provinces or municipalities.

Mr. FLEMING: Reference is made in the explanatory note to the dominion-provincial taxation agreements. It reads as follows:

The amendment repeals the definition of "corporation tax" now in the act to permit it to be kept in conformity with the dominion-provincial tax agreements.

Heretofore the committee knows nothing concerning the contents of the dominion-provincial tax agreements. Perhaps the minister would say a word in explanation of this note.

Mr. ABBOTT: Of course there will be legislation introduced in the house later to authorize the execution of the agreements so far as the dominion is concerned. The terms of the agreements with these other provinces have been made public, and if my hon. friend has had an opportunity of examining them he will see that a corporation tax is defined in the terms of the agreements, and it is necessary that it should be defined because the agreeing provinces have undertaken to go out of the corporation tax field by the terms of the agreements. A corporation tax was defined in the wartime tax agreement. I cannot say that the definition is identical in the new agreement, but it is similar. I am advised that there have been a few minor changes.

Mr. FLEMING: But it would be much more desirable to have the definition, if it is an accepted definition, written into the act instead of giving the governor in council the right to define. We are back to the same old business of ministerial acts and discretions, to the same sort of thing I understood we were trying to get away from.

Mr. ABBOTT: The difficulty is, as one finds when he looks into this, that it is a question of what may be a corporation tax. There is such a variety of differences that it is almost impossible, or we felt it was almost impossible, to set up a comprehensive definition which would include every type of tax that should be classified as a corporation tax. There are a good many ways of levying it, but the accepted types were, of course, taxes paid on capital and taxes on head office. My hon. friend is familiar with the types that were in force before the war; but we find that in the different provinces there is a great variety of these taxes which were imposed on corporations and they are corporation taxes, so that this is the deduction which we are disallowing but which requires definition of what will be included and what will not.

Mr. FLEMING: I appreciate the difficulties to which the minister refers, but I am coming back to this. There must be a definition at some time by somebody. What the government now proposes is that it be reserved to the governor in council. That is not going to make it any easier. Surely this is the place where definitions of this kind should be written.

Mr. ABBOTT: Another is that it may have to be varied from time to time and it may have to be varied as other provinces come in and raise new points. We found in the discussions with the provinces, with which discussions have already been carried on, that a great number of points are raised, and each province has had its own particular types of taxes and its own particular cases that it has to put up. After giving the matter pretty full consideration, we came to the conclusion that the most satisfactory way was to set up in the law that the governor in council, that is to say, the government of the day, shall have the right to define by regulation what constitutes a corporation tax for the purpose of not being allowed as a deduction from gross income for purposes of arriving at liability for federal income tax.

Mr. MACDONNELL (Muskoka-Ontario): Following what the hon. member for Eglinton has said, it does seem to me that there is great force in his point, and also that it is unfortunate, particularly when the question is one between the dominion and the provinces, that this should be done entirely unilaterally.

Mr. ADAMSON: There is one thing about this section which seems to negative a previous clause. The side-note says:

Deduction not allowed on certain taxes paid to provinces or municipalities.

It does not specify any type of industry. This, presumably, is for an industry. I have not subsection 6 of section 6 of the old act before me, but you could here have one authority saying your mining or logging industry was exempt from a tax and another group advising the governor in council, saying it was not. It seems to me that this is the sort of draftsmanship which leads to confusion. This is something that will cause the federal and provincial governments a great deal of trouble a little later on, and I am referring to the northern mining municipalities. Under the

provincial law, a mine pays a royalty to the municipality—I have forgotten how it works—and the municipality can tax certain surplus works. There is a definite part of its tax to the municipality on certain of its surplus works, but nothing on production. The working out of that arrangement is causing serious financial embarrassment to many northern municipalities. I would refer particularly to the township of Teck which has an extremely serious municipal problem. I wish the minister would clarify this section 5, because it seems to me that a decision under section 4 might exempt a corporation and then a tax could be reimposed under section 5.

Mr. ABBOTT: Section 5 is really the repealing and reenacting of paragraph (o) of subsection 1 of section 6. In an extreme case, a province or a municipality could impose a tax which would take fifty, sixty, or seventy per cent of the corporation's income. If that were deducted as an expense, then the dominion would be left with only thirty per cent of the total revenue on which it could impose a tax.

Mr. ADAMSON: You are cutting the province's throat there.

Mr. ABBOTT: That may be.

Section agreed to.

On section 6—I.T. paid to a country other than Canada by subsidiary non-resident company.

Mr. ABBOTT: There is a drafting amendment to section 6 which I will ask one of my colleagues to move. It is:

That subsection 2 of clause 6 of Bill 269 be amended by inserting before the word "company" in the second line of subsection 2 C the word "non-resident" and by adding a new subsection 2 E as follows:

"2 E. A company entitled to make deductions from its taxes as provided in subsection 2 B of this section shall not be entitled to make a deduction from its taxes under subsection 2 A of this section."

Mr. MACKENZIE: I move accordingly.

Amendment agreed to.

Mr. MACDONNELL (Muskoka-Ontario): This section goes beyond the terms of the budget resolution to some extent, does it not?

Mr. ABBOTT: I do not know that it does. It certainly does not go beyond what the budget resolution intended. The budget resolution was drafted in rather general terms, but it goes down through the subsidiary of a subsidiary as my hon. friend will see by looking at clause 2 C.

Section as amended agreed to.

Sections 7 and 8 agreed to.

On section 9—When amount of income is $2,000 or less.

Mr. ABBOTT: I have a drafting amendment here which I will ask my colleague to move. It reads:

That clause 9 of Bill 269 be amended by deleting "section thirty-three" in line thirty on page seven and substituting "section thirty-five" and by deleting "time when it made" in lines forty and forty-one on page seven and substituting "day on or before which it is required to make" and by deleting "when it made" in line three on page eight and substituting "on or before which it is required to make" and by deleting "at that time" in lines five and six on page eight and substituting "forthwith after receiving the notice of assessment."

Mr. MACKENZIE: I move accordingly.

Amendment agreed to.

Mr. ADAMSON: I should like to have some clarification of section 7. I know we have passed it, but I ask the minister's indulgence. This refers to foreign-owned corporations. The explanatory note says that it is a corporation owned entirely outside Canada. I should like the minister to explain this, because it seems a little involved. I am thinking of corporations such as the International Petroleum Company, which is a Canadian corporation holding considerable foreign securities.

Mr. ABBOTT: This is the section which imposes a tax of five per cent on non-resident corporations in respect of dividends received after April 30, 1947. The United States revenue act has a corresponding provision imposing a tax of five per cent on Canadian parent companies with respect to dividends received from United States subsidiaries. We are imposing a similar tax on United States parents with respect to dividends received from Canadian subsidiaries paid after April 30, 1947. This is a taxing section.

Mr. ADAMSON: A Canadian corporation having a wholly owned subsidiary in any foreign country is liable to this five per cent tax?

Mr. ABBOTT: No; it is just the reverse. The Canadian company may be liable to a five per cent tax imposed in a foreign country, and in point of fact I understand the United States does impose such a tax on Canadian parents with respect to dividends received from United States subsidiaries. Of course the Canadian company may take credit here for that tax. We are imposing the same tax on United States parent companies with respect to their Canadian subsidiaries.

Mr. ADAMSON: The United States company with a subsidiary here would pay the five per cent tax?

Mr. ABBOTT: Yes.

Mr. FULTON: Has the minister any estimate of the number of cooperative taxpayers that are likely to be affected by the new provision?

Mr. ABBOTT: We have no figures; it would have to be a guess. There is quite a large number of these small producer cooperatives whose income is not large. We have received representations that it is difficult for them to estimate in advance the amount of tax that they will be liable for and to make instalment payments. This was one of the submissions made to us on behalf of the cooperatives and it was considered to be a reasonable request.

Mr. FULTON: It seems to me that the whole question of taxing cooperatives is giving rise to great difficulty. That is probably inevitable because of this new effort which is being made and the new principle which has been introduced into the act. It seems to me that it is hard to assess that interest. It is hard to assess that interest at four per cent between, as I understand it, the date when they make their first payment of tax and the time when the final assessment is sent to them. For the very reason that it is difficult for them to decide on how much tax they will have to pay, and provided that they make a bona fide effort to arrive at that amount, why should they be charged interest while they are waiting for the final word from the assessing authority as to how much they are allowed?

Mr. ABBOTT: They can tell pretty well at the end of the year, when they file their return, how much tax they are liable to pay. This is intended to relieve them of the obligation of making an estimate month by month as the ordinary corporation has to do in making an instalment payment on account of tax. These small cooperatives can wait until their year is closed, close up their books, have their accounts entered up. Then they know, if their bookkeeping is accurate—and I assume it is—the amount of their tax liability, if any, and they file their return the same as any other corporation, and pay their tax. If they have underestimated their tax, then, when the assessment is made, they will have to pay interest on the amount of excess tax, if any, which was due, the same as any other taxpayer or the same as the individual.

[Mr. Abbott.]

Mr. FULTON: I think that provision for penalty is unfair whether it is applied to a cooperative, an individual or a corporation, because so frequently there is delay in the final assessment. That may not be the fault of the department; it may be simply because it is understaffed. But it is not the fault of the taxpayer. It is an honest error on his part. This is a new provision, and I regret seeing this penalty extended to cooperatives.

With regard to the whole question of the difficulty that cooperatives experience in arriving at their liability for taxation, I have a letter which just came in today from a cooperative in my constituency. It appears that a new form, PD 1, has been designed and it is for the use of taxpayers claiming deduction from income for payment to customers such as these cooperatives claim as a result of paying dividends to patrons. The form refers to the incidental brochure re cooperatives which it states must be used for the instruction of the taxpayer in filling out his form and with it is an accompanying letter from the department saying that this brochure would be found of great assistance. My correspondent says that when they wrote to the department asking for the brochure, the department replied that, owing to the large number that had been asked for, it was temporarily out of print and would be forwarded as soon as available. This was on May 19. My letter is dated June 5. In other words, the cooperatives are finding it difficult to know just how to assess their tax. There is this brochure which the department got out to help them, and the brochure is not available. I should like to ask the minister what, if any, steps are being taken to speed up the preparation of further copies and get them into the hands of the cooperatives?

Mr. ABBOTT: I will make inquiries into that and see what the cause of the delay is. As the committee will appreciate, we are still in the trial and error stage so far as returns from these cooperatives are concerned. I feel sure that, as regards any difficulties which crop up as a result of this year when the first returns are being filed, if it is something which can be corrected by administrative action, we shall see that it is corrected. If it is a proper case and is something that requires legislative action, we can take care of it in that way. I will make inquiries as to why the brochure is not more readily available.

Section agreed to.

On section 10—Regulations.

Mr. HAZEN: I regard this section with some alarm. I consider it most objectionable,

if I understand it correctly. I refer to the first part of it which reads as follows:

(3) The governor in council may make regulations not inconsistent with this act

(a) prescribing the evidence required for any purpose under this act.

It seems to me that the evidence required in the case of a prosecution under this act should not differ in any way from the evidence that is required in a court of law in any case that comes before it. It seems to me that the evidence required in any legal proceeding under this act should be subject to the same rules of evidence as are required to be complied with in a court of justice in any legal suit or proceedings in that court. It is a well established principle of law that a person who alleges must prove; and it is also a well established principle of law that a person charged with a crime is presumed innocent until he is proved guilty according to the rules of evidence of the land. To prove a person guilty of an offence, laws of evidence have been gradually developed, through trial and error, in the interests of justice. Hearsay evidence and secondary evidence are not, in most cases, permitted. It is now proposed by this section, as I read it, to give to certain bureaucrats powers to make their own laws of evidence. I see no reason why this should be permitted. I see many reasons why it should be opposed. Why should we make it easy for these officials to set aside the well established rules or laws of evidence, make it easy for them to get along by setting aside those laws and, in consequence, obtain convictions against persons who may be innocent?

Mr. ABBOTT: There is no intention of that kind here. If that is the case, we would not put it in. There is no intention to affect the rules of evidence in prosecutions. It is merely in the administration of the act.

Mr. HAZEN: I may be altogether wrong in the way I have read this section. I trust that I am.

Mr. ABBOTT: Unless you are, we should certainly amend it. I think it relates only to administration. I should like to say a word of explanation, after my hon. friend is through, as to what the purpose of this is; because it is simply to facilitate administration. It is under the heading of "administration". Will my hon. friend allow me to give an example of what I have in mind?

Mr. HAZEN: I know what you have in mind, but does the wording of the act confine you to what you have in mind?

Mr. ABBOTT: Well, the courts would never be bound, in a criminal prosecution, by anything like this. We want to be able to get the best evidence. If a man says he is the father of ten children living in Czechoslovakia, we want to be able to take a declaration to that effect.

Mr. HAZEN: Where do you find this is only for administration?

Mr. ABBOTT: It is under the heading of "administration". You have to take it in the context. It is sub-section 3 of section 75. It is the third sub-section in part 10. Part 10 is headed "administration". Under section 75, there are now two sub-sections, 1 and 2. This is added as sub-section 3. My hon. friend may be right. It is intended to be purely to supplement the administrative provisions of the act and to facilitate its ready administration. As the committee will realize, in a great many cases, evidence of dependency, evidence of the extent of medical expenses, evidence as to all other kinds of odds and ends of that kind, if you followed the strict legal rules of evidence, requiring the best evidence, it might impose an onerous burden on the taxpayer. It was intended that, under this provision, there should be considerable latitude whereby the governor in council could set up a code of rules under which statutory declarations would be accepted as evidence of certain claims made for exemptions, and that sort of thing. There is no intention that this should have any application for prosecutions for offences under the act; and if it could be interpreted in that way, certainly the section should not go in. But it was submitted to the Department of Justice, and I am told we were advised that was not the case. Frankly I had not considered that phase of it until my hon. friend raised it.

Mr. HAZEN: What struck my eye when I glanced at it previously was section 75, subsection 2, which definitely says the minister may make any regulations deemed necessary for carrying this act into effect. It seemed to me that those words were wide enough to give him power to make any regulation he saw fit. Now you go on and add this new clause saying that the governor in council may make regulations not inconsistent with this act. It does not say "not inconsistent with the administration of this act", but "not inconsistent with this act", prescribing the evidence required for any purpose under this act, not merely for the purposes of administration.

Mr. ABBOTT: Certainly there is no intention to have it cover any such field as my hon. friend suggests. It does not seem to me it does, but if there is any doubt, perhaps we had better let the section stand. I can drop it if

necessary, but I think it is a useful section to have and it was put in at the suggestion of the department to facilitate the setting up of a code of which all those interested could be advised, under which they might derogate from the strict rule of the best evidence.

Mr. HAZEN: I was going to move that it be deleted, but if it could stand—

Mr. ABBOTT: Perhaps we had better let that section stand, and I will get an opinion from the Department of Justice as to whether it could be extended in the way my hon. friend suggests.

Mr. FLEMING: If the minister is going to let that clause stand, does he wish to hear any further representations on it? It is objectionable from another point of view.

Mr. ABBOTT: I have no objection to additional representations on it, if hon. members want to make them.

Mr. FLEMING: The hon. member for St. John-Albert has dealt with the first subsection. It seems to me that sub-section 3 (b) may likewise go farther than is strictly necessary. We may be including here, in the class of persons who may be required to make information available, people who have no present liability under the act to make returns. I am quite sure the minister will tell us it is not his intention; nevertheless we are not legislating in those terms; we are legislating in terms of the language of the act and the powers it may give; and this conceivably could be used to enable the minister to conduct inquisitions in the case of persons who are not under obligation to make returns.

Mr. ABBOTT: I can give consideration to that, too.

Mr. MACDONNELL (Muskoka-Ontario): Might not the minister reconsider both subsections for the reasons given and perhaps make an alternative suggestion tomorrow?

Mr. ABBOTT: Yes, I shall be very glad to reconsider them. I do not want to ask for any powers that are unreasonable. All we are trying to do is get a section which will provide reasonable flexibility and more efficient administration of the act. As I said before, if there is any question of paragraph (a) in particular going to the extent suggested by the hon. member for St. John-Albert I would drop it like a shot. I do not think it does go that far, but we can let the whole section stand and I will look at both (a) and (b) and see how far they go.

Mr. FRASER: How far back can the department go when they ask for evidence? Is there any regulation? I could not see any in that regard.

Mr. ABBOTT: Evidence of what?

Mr. FRASER: Evidence that a tax has or has not been paid, or that funds have been received for which a return has not been made?

Mr. ABBOTT: There is no limit in law. I do not think they very often go back once the return has been assessed and the notice of assessment issued. I do not believe cases are often reopened unless there is some allegation of fraud or concealment, or something like that; and of course fraud is never outlawed.

Section stands.

On section 11—Refunds.

Mr. MACDONNELL (Muskoka-Ontario): In sub-section 2 of section 11 there is a definite time limit, in these words:

> . . . the minister may, upon an application made on or before the thirty-first day of December, nineteen hundred and forty-eight . . .

Is there any escape clause at all, or is that adamant?

Mr. ABBOTT: The section provides that they have until the end of December, 1948, to get in their application for refund. That is an additional relaxation. Then they will be subject to the general rule.

Mr. CARDIFF: Is it necessary for a person who has paid more income tax than he is liable to pay to apply in writing before that extra money will be refunded?

Mr. ABBOTT: If he has filed an income tax return, no; because that of itself constitutes a request for a refund. If he has not filed an income tax return, then the onus is upon him to notify the tax department that he claims to have paid more tax than he should have paid, and ask for a refund.

Mr. CARDIFF: What length of time does he have to wait before he gets back that money?

Mr. ABBOTT: He can make application as soon as the year is over. He would have to wait until the end of the year; if it were the calendar year 1947, for example, he would have to wait until the end of 1947. Then he would

know what his income was for the year, and would know that it did not bring him into a taxable bracket.

Mr. CARDIFF: I can tell the minister that plenty of people have been waiting for three or four years to have this money paid back.

Mr. ABBOTT: My hon. friend is referring to delay in refunds. That is because the Department of National Revenue, owing to staff shortage and for other reasons, has not been able to catch up with the work.

Mr. WHITE (Hastings-Peterborough): Has the minister ever considered that when assessments are made showing that a further tax is payable, some explanation should be placed on the assessment notice saying what the extra tax is for or what the mistake was? I think the minister will find that in the district offices when the assessment is made, often only a figure is mentioned. If there is a mistake, or anything of any importance, the solicitor has to communicate with the tax office. I think it would save a great deal of time and would satisfy a great many people if some explanation were given.

Mr. ABBOTT: My hon. friend is quite right. I am told that during the war, because of the shortage of staff and in their hurry to get out the assessments, that work was curtailed; but instructions have gone out to the districts that, where an assessment is to be made, there is to be an explanatory statement reconciling the new assessment with the original assessment. It is important that this should be done.

Mr. KNOWLES: I welcome three words in this section which were not in it before. I refer to the words, "without application therefor", as they appear at line 34. That seems to give the government power to make refunds, even if application has not been made for them. Does that signify anything effective?

Mr. ABBOTT: It is to bring it into line with the other section. That deals with the period prior to the issue of the notice of assessment. It uses the words, "without application therefor, or on application in writing therefor by the taxpayer within two years from the end of the calendar year." In the case of the income tax payer who files a return, the department has to check that return; and if it develops that overpayment has been made, power is given here to make a refund at or prior to the issue of a notice of assessment.

Mr. KNOWLES: This section comes under part 16 of the act, which relates only to tax deductions at the source. In the first part of this sub-clause it says, "under this section", so that we are dealing only with tax deductions at the source.

Mr. ABBOTT: It brings it into line with section 56.

Mr. KNOWLES: I was wondering whether it meant that the department might reach the point where people who had deductions made at the source, which should not have been made, would receive them back automatically, without application?

Mr. ABBOTT: It would happen, if we had any means of checking what the overpayment was. But it is almost physically impossible to do it.

Mr. JACKMAN: In respect of a man, or the returns of a taxpayer, where there has been overpayment for some years, and underpayment for other years, before the final assessment is made, is the taxpayer charged at a certain rate of interest? What is the rate of interest for the deficiency years, and is no credit allowed for the surplus years?

Mr. ABBOTT: That is correct. The rate that is payable on the underpayment would be the rate fixed under the act.

Mr. JACKMAN: What is that? Is it five per cent?

Mr. ABBOTT: It is four per cent until one month after the assessment is issued, and then there is a three per cent penalty on top of that, if it becomes overdue.

Mr. JACKMAN: Why does the rule not work both ways, particularly if it is the same taxpayer and he happens to have overpaid through error, if you like, or through some change in understanding of the tax law? Why is he not given the same break in respect of underpayment?

Mr. ABBOTT: I am not familiar with the internal administration, but I understand that these returns are assessed from year to year, the earlier returns being taken first. Let us say the year which is reached is 1943. It is assessed, and it is found there is an underpayment. An assessment notice is issued and the underpayment is collected with interest. Then it passes on to 1944 and the same thing happens there. The assessment is paid, with interest. Then you reach 1945 and find there is an overpayment. In that instance there is a refund; but no interest is paid on it.

Mr. JACKMAN: It seems to me that it is not a matter for jocularity. If someone wishes to collect interest when there is an innocent deficiency, particularly when the same tax-

payer is involved, why should he not be allowed some credit for surplus payments in other years?

Mr. ABBOTT: I am advised that where several years are assessed at the same time and overpayment is found in one year, with underpayment in another, no interest is assessed from the time overpayment was made, if it is credited to the other year.

Mr. JACKMAN: But that still does not answer the question. I do not know why a taxpayer should not be allowed a credit for overpayment. The crown wishes to have the money. I do not ask the crown to get into the same position as occurred in the United States administration where people purposely overpaid in order to collect the six per cent interest. But where there is an innocent overpayment, the crown should allow some compensation for it.

Mr. ABBOTT: I do not know what rate should be suggested.

Mr. JACKMAN: You had no difficulty in assessing a rate of three or four per cent.

Mr. ABBOTT: But that is done for a very real purpose. That is the type of penalty imposed on a taxpayer, who has control himself. He can estimate his tax accurately. If you do not impose an interest penalty there is a tremendous temptation to borrow money without interest from the public treasury.

Mr. FLEMING: There is another angle to the matter of penalty which, in fairness, the minister must acknowledge. So long as the situation continues as the minister concedes it to be, namely with a considerable backlog of work in the Department of National Revenue, is it fair to go on assessing interest at the rate of four per cent per annum—and it was formerly eight per cent—on people who have not deliberately made any error or underpayment, but who may have made a simple error?

There may have been misunderstanding in connection with interpretation of the statute; and I am bound to say that these amendments do not make the statute any easier for interpretation by the man on the street. It will be more and more difficult for more and more people to interpret it, and they will have to go to experts for advice.

In the light of these facts, it seems to me either that drastic steps must be taken in the Department of National Revenue to speed up this work and thus to reduce this considerable backlog or, in fairness, some step must be taken to reduce the interest charge. If the situation were as we would like to see it, namely the department following up quickly with its assessments of returns made, then there would not be any great complaint about the rate of four per cent, on a short period. But when you have assessments running behind four or five years it is a heavy burden. In the early years the penalty is still eight per cent.

In all fairness, I put it to the minister that an interest rate of four per cent is still too large a rate, so long as there is a considerable backlog. And from what we can tell, there is no prospect of any substantial reduction in that backlog in the near future.

The Minister of National Revenue indicated on an earlier occasion that he hoped some headway was being made—and probably so—in some tax jurisdictions in the dominion. But certainly in the one with which I am most familiar there is still a tremendous backlog. So long as that backlog persists, will he not have regard for a reduction in the interest rate, which I say, is grossly unfair if people are to be kept waiting for years.

Mr. ABBOTT: The rate of interest can be considered. There is a limit of twenty months on it now.

Section agreed to.

Progress reported.

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

[Mr. Jackman.]

Tuesday, June 10, 1947

The house met at 2.45 o'clock.

WARTIME PRIME MINISTERS

UNVEILING OF PORTRAITS OF RIGHT HON. SIR ROBERT BORDEN AND RIGHT HON. W. L. MACKENZIE KING

Mr. SPEAKER: In the name of the Honourable the Speaker of the Senate and in my own name, I would like to invite all the hon. members of this house to a ceremony which will be held in the main lobby of the parliament building, at 5.30 o'clock this afternoon.

His Excellency the Governor General, accompanied by the President of the United States of America, Harry S. Truman, will unveil the portraits of the two Prime Ministers of Canada who were at the head of our country during the two great wars: the Right Hon. Sir Robert Borden and the Right Hon. W. L. Mackenzie King.

THE PRIME MINISTER

FELICITATIONS ON COMPLETING HIS TWENTIETH YEAR IN OFFICE

Right Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): Mr. Speaker, the Prime Minister has to leave about seven minutes after three o'clock to welcome a distinguished international statesman, the President of the great neighbour at our gates. Apart from these international courtesies which will be very close to our hearts, we have occasion to observe a national courtesy of the first order.

Today is a significant one in our history. As usual, I am at the side of the right hon. gentleman who today has been twenty years Prime Minister of the Dominion of Canada. We have our contentions here, our conflicts in debates, but on these larger occasions we are warm-hearted Canadians.

The Prime Minister is the dean of this house. He has enjoyed membership of this assembly for the twenty-eight years since 1919, with a few slight interruptions, and sat here for an additional period of three years, beginning in 1908.

May I leave with the house a practical way some of his record in the office of prime minister: From December 29, 1921, to June 28, 1926, 1,643 days; from September 25, 1926, to August 7, 1930, 1,413 days; from October 23, 1935, to the present hour, 4,249 days, a total of 7,305 days.

I must be brief. I wish I could speak longer, but I must not. The right hon. gentleman will pardon me, I think, if I mention four or five of the great inspirational influences in his life. The first was his beloved mother, born in exile, beside whose portrait in Laurier House there is an abiding light. The second was that old chieftain of Quebec, Sir Wilfrid Laurier. I shall never forget, sir, the last words the present Prime minister used when Laurier was dead, recalling precious memories. I cannot quote them all:

> It is the old man with his bare head and his white hair, standing alone, fighting for the right as God gave him to see the right.

Again the inspirational voice of his illustrious grandfather, the rebel patriot of Canada:

> Well may I love the poor; greatly may I esteem the humble and the lowly, for poverty and adversity were my nurses, and in youth were want and misery my familiar friends; even now it yields a sweet satisfaction to my soul that I can claim kindred with the obscure cotter and the humble labourer of my native, ever-honoured, ever-loved Scotland.

Another great influence in his life was Louis Pasteur. Most of us are familiar with just a word from a favourite quotation:

> Two contrary laws seem to be wrestling with each other nowadays; the one, a law of blood and of death, ever imagining new means of destruction, and forcing nations to be constantly ready for the battlefield—the other, a law of peace, work and health, ever evolving new means of delivering man from the scourges which beset him.

Then in war, in 1939, most of us were here and remember the Prime Minister's words. I wish I could quote them all but I cannot. I remember that he said:

> I never dreamed that the day would come when, after spending a lifetime in a continuous effort to promote and to preserve peace and good will in international as well as in industrial relations, it should fall to my lot to be the one to lead this dominion of Canada into a great war; but that responsibility I assume with a sense of being true to the very blood that is in my veins. I assume it in the defence of freedom —the freedom of my fellow countrymen here, the freedom of those whose lives are unprotected in other communities and countries, the freedom of mankind itself.

Victory crowned our efforts. With the consent of the house I am going back across the ocean to Scotland for a moment, to quote some words from one of the poets of Scotland, Neil Munro, of Inveraray:

> Though hails may beat us and the great mists blind us,
> And lightning rend the pine-tree on the hill
> Yet are we strong, yet shall the morning find us
> Children of tempest all unshaken still!

One last word and I am through. Our distinguished leader has known the golden promise of the dawn, the full glory of the noontide hour, the conscious satisfaction resulting from great achievements in the afternoon of life; and now, sir, in the mellow twilight, we wish him continued happiness and health and many more years of devoted service to Canada which we love and which he loves so much.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, it is not given to many men to be Prime Minister of Canada. Only eleven have held that position since confederation. The present Prime Minister is one of them. It is given to much fewer men to be Prime Minister of a democracy for twenty years. The right hon. gentleman has been Prime Minister of Canada for that long. As a matter of fact he has been Prime Minister of Canada for one-quarter of this nation's history. Whether he is to be blamed for one-quarter of the ills of all the people of Canada during that time I shall not discuss today, but I want it perfectly understood that I reserve the right to discuss it next week or next year.

On this occasion I want to express my congratulations to the Prime Minister upon

his long years of service to this country. One does not need to agree with the policies of a man in the position in which the Prime Minister finds himself today in order to pay his respects on an occasion like this. Twenty years is a long time. I can speak on that with some experience. In a rather smaller field it was my privilege to serve for more than twenty years, and when I left there were some who said that that was twenty years too long. I feel sure that there is nobody in Canada who would say that today about the present Prime Minister. I said nobody would say it today, but again I reserve that right to say what I think wise about it tomorrow or later.

I am very glad, Mr. Speaker, to have the opportunity of associating myself with those sitting with me in extending to the Prime Minister our congratulations on his long years of service. I am sure we all wish for him long life and much happiness in the days ahead.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, we too of the C.C.F. party join in the good wishes that have just been extended by the leader of the opposition (Mr. Bracken) to the Prime Minister (Mr. Mackenzie King). We hope that he may yet enjoy many years of life and happiness. He has been Prime Minister for twenty years, one of the most challenging twenty years I suppose in world history. Indeed, when we think of the events since the first great war—the toppling of thrones, the rise of dictatorships, another great war, the elimination of dictatorships, the breaking up of empires—one realizes that the right hon. gentleman has been Prime Minister of Canada at the end of one of the great eras of human history. We join with all others in this house in expressing to him all our good wishes, and the hope that he may yet be spared to render service to our country.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, I am glad of this opportunity to add a word of congratulation to the Prime Minister on this occasion. It is no mean achievement to serve as the elected head of Canada's government for a full quarter of the nation's history. No matter what we may think, as I have said on another occasion, of the horse which the Prime Minister has been on during all those years, we all have to admit that he made a hell of a good ride. No matter how we may differ in our views on the policies advocated by the Prime Minister, there are a good many of us in the house I suppose who would be very happy to learn just how he had managed to achieve those twenty years of service, and at the same time how he had managed to keep his remarkable vitality through all the years since he first became Prime Minister. I wish to join with other hon. members in extending congratulations and sincere personal wishes to the right hon. gentleman.

Hon. ALPHONSE FOURNIER (Minister of Public Works) (Translation): Mr. Speaker, in the absence of the Right Honourable the Secretary of State for External Affairs (Mr. St. Laurent), senior French-speaking minister in the present cabinet, I am happy to associate myself with those who have spoken before me in offering our most sincere congratulations and our best wishes to the Prime Minister on this happy anniversary.

We are assembled today to pay tribute to one of the greatest Canadians of all time. We are here to express our feelings of admiration, esteem and gratitude. For twenty years, Canada's Prime Minister. For twenty years, government leader of his country. We cannot help thinking of the studies, work and preparation represented in the achievement of such a career.

From early youth, the Prime Minister prepared himself by careful study, by meditation and travels in nearly every country of the world, for the post he has held for so long. While still a young man he became a member of the administration. A few years later he entered Sir Wilfrid Laurier's government. At that school, he increased his experience, developed his patience and qualified himself fully for the leadership of a great party. As soon as he entered parliament, he revealed himself an accomplished parliamentarian. His authority among party members and in parliament is beyond all question. He dedicated his life to the development of his country and to the happiness of his fellow countrymen. A tireless worker, he devoted his energies to the expansion throughout the world of his country's fame.

As peacetime leader, his administration was gratified with success after success. As wartime leader, he maintained unity among the various elements of our population, in the accomplishment of an admirable all-out effort which finally led Canada to victory.

Among our Canadian statesmen, he is probably the one who best understood the mentality, feelings and aspirations of my compatriots. He devoted his life to Canada's national unity, seeing the Canadian people as one group, without distinction of language, creed and customs. That is why he has enjoyed for such a long time and still enjoys the esteem and respect of my compatriots.

We shall never forget the unflinching confidence he placed in the French Canadians' sincerity during the historical and tragical moments which we experienced during the past few years. His understanding enabled our country to pass that critical period of our history without any clash, all to the best interests of the country. We have admired and supported him in the past and he may rest assured that his name will forever live in our hearts.

And when the time comes to write history, the Canadian people will unanimously recognize the unrivalled qualities of this great statesman.

Mr. L. O. BREITHAUPT (Waterloo North) (Text): I realize, Mr. Speaker, that we are pressed for time, and I can assure you that my remarks will be brief and to the point. As the representative of the constituency of Waterloo North, the riding which first sent our illustrious Prime Minister to parliament, I cannot allow this opportunity to pass without paying a tribute to him for the splendid work he has done on behalf of Canada.

The hon. member for Peace River (Mr. Low) mentioned, I believe, that the Prime Minister rode a horse for a good many years. To that I might add that the horse started in a good riding, is the right kind of horse, and has come a long way. On behalf of the riding I wish to express to the Prime Minister our sincerest congratulations on this, his twentieth anniversary as Prime Minitser, and to express the hope that he may be spared for many more years of useful service.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I wish I could begin to tell hon. members what it means to me to be surrounded today by those with whom I have been most closely associated in the work of government and in the work of this parliament, and to hear the kind tributes which have been expressed on this occasion. I know that hon. members will make allowance for some of the things which have been said much too generously. I can assure all hon. members that every word which has been spoken today will retain its place in my mind as long as memory itself endures.

I know that, in speaking of the twenty years I have been in the office of Prime Minister, a good many have said to themselves, "I do not know how to account for it." This comment has not been confined to those of any one party. I have heard that members of my own party have said the same thing on occasions. I know that some hon. gentlemen opposite have said it repeatedly. I myself will not attempt to give an answer because I could not if I tried. All I wish to say is that, in looking back over those years and asking myself how it comes about that I should be speaking in this House of Commons to its members this afternoon, I can account for it, so far as my part may have contributed in any way, only by recalling what I owe to those whom my colleague the Minister of Veterans Affairs (Mr. Mackenzie) has referred to this afternoon, and to a few others whom he might also have named. I believe that for all of us the best that is in us comes from the past. After all, we only play our little part as a result of the sacrifices which have been made by others and for which we reap the reward. So I thank my colleague for having reminded me, the house and country, of those who are much in my mind and heart today.

To speak of my years of office, I think I can truly say that such good fortune as I have had in my present position has been due in large part to the ministers of the crown by whom I have been surrounded, to their great ability and great loyalty. It has been due also to the marvellously loyal support which I have received over the years from those who have been my followers and supporters in this House of Commons. It has been due also in large measure to the assistance which has been given to the work of the Prime Minister's office by members of the public service, the assistance which has been given by officials of this house and by many who are in very humble positions. Without their efficient service and loyalty it would be impossible for any one in an important position to perform his public duties. I do not forget either the kindness of my friends of the press. Though some of them may differ with me, many of them have given me loyal and helpful support, and all have given me the best of comradeship.

May I say to hon. gentlemen opposite that while I cannot thank them for the fact that I am still in office, and hope to be in office for a little while longer at least, I thank them most warmly for the courtesies which they have extended toward me in all the years I have been here. I think I have been particularly lucky in the friendships I have had among hon. members on all sides of the house. I shall always remember gratefully the kindness that has been shown me on many occasions by the other side of the house and never more so, may I say, than today. Above all, I do not

forget at this moment what I owe to the confidence of the Canadian people over so many years. That is perhaps the greatest of all the rewards of public life and service.

Mr. Bracken, as leader of the Progressive Conservative party, I thank you very warmly for what you have said and for the hearty manner in which your words have been supported by members of your following. To you, Mr. Coldwell, may I say the same. I shall always remember what you have said, and equally the cordial manner in which those who sit around you applauded your words this afternoon. I thank you, Mr. Low, for your good wishes, and also for the generous support your followers have given your kind words. I thank you also for your reference to the political horse I have ridden over the years. My friend Mr. Breithaupt, who comes from the county in which I was born and represents it so splendidly in this house, knows that I began quite early in life—I think it was perhaps before he was born—to ride a horse. I learned something about how to ride horseback personally and politically in the old county of Waterloo. One of these days I intend to return to the county which I first represented in this parliament and express my thanks for the teaching I received at that time, which has stood me in such good stead through all these eventful years. To my colleague Mr. Fournier, I am deeply grateful for reminding the country of how much I owe to my French-Canadian compatriots.

I should like, Mr. Speaker, to be able to express my thanks fully but you and all will realize I am sure that this is a moment when it is difficult indeed for me, after listening to what has been said this afternoon, no matter how long I may have been in parliament and in public life, to find words with which to express what is really deepest in my heart. I can only thank you, my fellow members of the House of Commons one and all; this I do irrespective of party; this I do with all my heart.

I hope I may be excused if I now leave the chamber. As my colleague the Minister of Veterans Affairs who is leading the house has just said, I am to join His Excellency in meeting the President of the United States and greeting him on his arrival. That will be in less than a quarter of an hour. Again I thank you all and say God bless you.

REPORTS OF COMMITTEES

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

Third report of standing committee on agriculture and colonization.—Mr. McCubbin.

Fifth report of standing committee on standing orders.—Mr MacLean.

[Mr. Mackenzie King.]

GOLD

STORAGE OF BULLION BY MINING INTERESTS

Hon. DOUGLAS ABBOTT (Minister of Finance): A short time ago the hon. member for Rosetown-Biggar (Mr. Coldwell) asked the following question:

In view of suggestions made in the house for the devaluation of the Canadian dollar or an increase in the price of gold, and Canada's need of American exchange, what action does the government propose to take regarding the storing of large amounts of gold bullion by the McIntyre-Porcupine Mines Limited, or other mining interests who may be adopting a similar policy?

I have given very careful consideration to the problem raised by this question. There is no law on our statute books which specifically prohibits a gold mining company from withholding, or delaying to ship to the Royal Canadian Mint, a part or all of the gold currently produced by the mine. The only law relating to the subject appears to be subsection 2 of section 28 of the Bank of Canada Act, which was passed by parliament in 1934. Under this subsection, the governor in council is given power to require—

—every chartered bank or every other person to transfer to the bank—

That is, the Bank of Canada.

—any or all gold coin or bullion held in Canada which is owned by such chartered bank or by such other person.

The subsection goes on to authorize the governor in council to take—

—all measures deemed necessary or expedient to enforce any such transfer and to impose and recover penalties in respect of any neglect or refusal to make any transfer so required.

I believe that the government could take action under this authority, if the situation appeared to warrant it. It might, of course, be urged that what the mines have been shipping to the mint in the past and what some of them are now storing is not gold bullion but, say, gold concentrates or gold in some other unrefined or partially refined form. However, this contention could hardly be successfully supported in most cases, and particularly in cases where the parcel deposited consists of gold which has been refined to a fineness of around eighty per cent.

There is, however, a rather serious difficulty or objection in applying the above provision of the Bank of Canada Act to the type of case which is now in question. This difficulty arises from the very severe penalty which has to be imposed when the provision is put in force. Section 29 of the Bank of Canada Act provides that where gold is transferred to the Bank of Canada under the previous section—

—the value of the said gold shall be computed on the basis established by the Currency Act at the date of the relevant transaction.

This means that if the governor in council required a mining company to transfer to the Bank of Canada the gold bullion which it is now storing, the price at which it would be taken over would be $20.67 per fine ounce, rather than the current price of around $35 per ounce.

This would be probably too drastic a penalty to impose in a case of the kind we are considering—too drastic, that is to say, unless the country's need for the gold was immediate and urgent. On the other hand, after serious consideration I have not been able to think of any amendment to these provisions of the Bank of Canada Act which I would be prepared to recommend at this time, because I can see that there may be cases arising in future where it might be appropriate to apply the present provisions of that act. With this in mind, I am not proposing any action on this matter at the present time. I am content to defer action for the time being because any gold that is stored by mining companies will be in a few hands; we will know where it is and approximately what it amounts to. We can therefore take it into account as in some measure a substitute for a part of our official reserves and, finally, if the need should arise, we will be in a position to have it transferred to the Bank of Canada under the legislative authority I have mentioned.

I cannot refrain, however, from expressing the hope that we will not see a continuance or extension under present circumstances of this practice of hoarding gold and thus not allowing the current output of this monetary metal to become an acknowledged part of the country's essential exchange reserves. As hon. members will recall, parliament itself has approved within the past twelve months the Foreign Exchange Control Act, to permit the conservation and control of the use of our foreign exchange resources, and under that act it is necessary for us to maintain restrictions on many types of capital transactions. If this were a world which was not suffering from the consequences of two great wars in one generation, it would probably be possible to permit complete freedom for companies and individuals to speculate in foreign exchange, foreign securities and gold. Unfortunately, it is not that kind of world. We simply cannot afford at present to see widespread speculation in foreign exchange and foreign securities, nor widespread speculation in gold, which is the equivalent of foreign exchange. In so far as we can secure the sensible cooperation of business men and investors, it is possible to get along with a minimum of restrictions and controls. I trust that public opinion itself will be a potent force in determining what type of action is considered reasonable under given circumstances, and that that public opinion today will serve to a considerable extent to dissuade individuals or groups from attempting to make unproductive and speculative profits by exploiting the international difficulties that various countries face in these times.

[*Later*:]

On the orders of the day:

Mr. L. W. SKEY (Trinity): Can the Minister of Finance give the house any assurance that Canadian gold mines will receive notice or warning before the threatened imposition of the Bank of Canada regulations are brought into effect against them?

Hon. DOUGLAS ABBOTT (Minister of Finance): I think the gold mines in question had better take my statement today at its face value and govern themselves accordingly.

PRIVATE BILLS

FIRST READING—SENATE BILLS

Bill No. 273, for the relief of Eileen Maude Gardner Richards.—Mr. Maybank.

Bill No. 274, for the relief of Frances Audrey Gray Lacaille.—Mr. Maybank.

Bill No. 275, for the relief of Aline Theoret Larose.—Mr. Maybank.

Bill No. 276, for the relief of Margaret Betty Rollings Burman.—Mr. Maybank.

Bill No. 277, for the relief of Beatrice Dorothy Pountney Alker.—Mr. Maybank.

Bill No. 278, for the relief of Margaret Jean Duff Dorval.—Mr. Maybank.

Bill No. 279, for the relief of George Somerville Blackie Begg.—Mr. Maybank.

Bill No. 280, for the relief of Lillian Guerasio Galardo.—Mr. Maybank.

Bill No. 281, for the relief of Stewart Davidson Myles.—Mr. Maybank.

Bill No. 282, for the relief of Dorothy Bradford Hurley.—Mr. Maybank.

Bill No. 283, for the relief of Elsie McCormick Albers.—Mr. Maybank.

Bill No. 284, for the relief of George Wilson Dyce.—Mr. Maybank.

Bill No. 285, for the relief of Rita Johnson Cherrier.—Mr. Maybank.

Bill No. 286, for the relief of Esther Cole Zeesman.—Mr. Maybank.

Bill No. 287, for the relief of Celia Yaffe Dubinsky.—Mr. Maybank.

Bill No. 288, for the relief of Elsie Marlyn Garayt Johnson.—Mr. Maybank.

Bill No. 289, for the relief of Leone Rhea Leduc Metcalf.—Mr. Maybank.

Bill No. 290, for the relief of James Arthur Ablett.—Mr. Maybank.

Bill No. 291, for the relief of Goldie Slovinsky Tkatch.—Mr. Maybank.

Bill No. 292, for the relief of Harold Fassett Staniforth.—Mr. Maybank.

Bill No. 293, for the relief of Clair Morgan Lockner Middleton-Hope.—Mr. Maybank.

PUBLIC BUILDINGS

ARRANGEMENT OF FLAGS—ABSENCE OF UNION JACK FROM PARLIAMENT BUILDINGS

On the orders of the day:

Mr. T. A. KIDD (Kingston City): Mr. Speaker, I should like to ask a question of the leader of the house. Why has the union jack been discarded from the flag pole today, and why is it not flying on any of the three flag poles, either on top of or in front of the parliament buildings? Who is responsible for giving instructions as to what flags should be flown?

Right Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): I believe my colleague the Minister of Public Works could answer that question better than I can.

Hon. ALPHONSE FOURNIER (Minister of Public Works): Mr. Speaker, in 1945, right at the close of the war, an order in council was passed stating that the red ensign would be flown on public buildings. I did not expect this question today. However I can say that I believe the officials of my department have followed the order in council passed at that time. That would explain why they have put the red ensign on all public buildings.

Mr. KIDD: I should like to ask a supplementary question. Does the minister realize that when Mr. Churchill was here the union jack was on the right and the Canadian ensign to the left? When General Montgomery was here the Canadian ensign was on the right—

Some hon. MEMBERS: Question.

An hon. MEMBER: That is a speech.

Mr. KIDD: I am asking a question. When General Montgomery was here the Canadian ensign was on the right and the union jack on the left.

Mr. SPEAKER: I understand the hon. member has put his question and has received his answer.

Mr. J. H. HARRIS (Danforth): Mr. Speaker, with respect to your ruling, the Minister of Public Works has not answered the question completely. He, himself, sir, suggested he was answering only with regard to the Canadian ensign in the top position. He has not answered that portion of the question which had to do with flags flying either to the right or the left of the Canadian ensign. My question, supplementary to the one asked by the hon. member for Kingston City, is this: Why is not the union jack flying in some place, somewhere, inasmuch as there are three positions which are recognized today, namely the Canadian ensign in the centre position, with one to the right and the other to the left? With due respect, sir, I should like to have an answer with regard to the two other official positions for flying the flag.

Mr. MacINNIS: Mr. Speaker—

Mr. KIDD: Let him answer.

Mr. FOURNIER (Hull): I can only repeat that the officials of the government are following the terms of the order in council passed in 1945. I believe that order in council was tabled in the house and was explained by the Prime Minister (Mr. Mackenzie King) at the time. Furthermore a committee of the House of Commons sat for a session or two to try to find a distinctive flag for our country, and the report which came back to the house recommended the red ensign. On all our buildings we are flying either the union jack or the red ensign. If hon. members will read the order in council they will see that we are justified in flying the red ensign over public buildings.

I am answering in an impromptu fashion, because I had no notice of the question. However if the hon. member wishes me to make a further statement I shall study the matter and make another report later.

Mr. HARRIS (Danforth): Mr. Speaker, on a question of privilege, as a member of this honourable chamber for over a quarter of a century, and having read the history of Canada since confederation—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. HARRIS (Danforth): On a question of privilege; I have some rights, and I propose to exercise them—with all due respect to you, sir, and the usages of this honourable House of Commons. We did give way in 1945 to the ensign, with the union jack, on every occasion.

Mr. SPEAKER: Order.

Mr. HARRIS (Danforth): I asked—

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but that is not a question of privilege. He will understand that I have permitted him to ask his question, but I cannot permit a debate on the matter. The hon. member for Vancouver East (Mr. MacInnis)—

Mr. FOURNIER (Hull): Just one second; I recall in this House of Commons that hon. members of the party opposite moved a motion that the red ensign be the national flag of Canada. I cannot see why they object when we fly it.

Mr. HARRIS (Danforth): I do not wish to debate this matter, but on a question of privilege, sir, I asked the minister a question, not about the red ensign which is at present flying over the building, but about the flags which are flying to the right and left. And I make this statement, that never before since confederation has this honourable house sat under flags which did not include the union jack.

Mr. MACKENZIE: It does include the union jack; the union jack is part of our red ensign. Do you realize that?

Mr. SPEAKER: The hon. member for Vancouver East.

IMMIGRATION

ADMISSION OF DISPLACED PERSONS FROM EUROPE —PRESS REPORT AS TO SELECTION—DUTCH IMMIGRANTS

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I should like to ask a question of the Acting Minister of Mines and Resources arising out of a comment appearing in the *Globe and Mail* of today respecting the statement the minister made yesterday in the house. The press report states that employers will be allowed to select persons in displaced persons camps and bring them here under contract. Would the minister care to make a statement on that point?

Right Hon. C. D. HOWE (Acting Minister of Mines and Resources): Immigrants will be selected by the immigration branch, with the advice and counsel of the Department of Labour. Where the Department of Labour gets its advice is for the Department of Labour to determine. I can see no objection should the advice be taken of people who will later agree to employ these displaced persons in a particular industry. But I should like to make it clear that the selection will be made by the immigration branch.

While I am on my feet I should like to answer a question asked yesterday by the hon. member for Peel (Mr. Graydon). I can now advise him that one thousand Dutch immigrants are sailing for Canada on June 17 of this year.

Mr. N. J. M. LOCKHART (Lincoln): Mr. Speaker, I should like to ask a supplementary question in connection with Dutch immigrants. Can applications be received under the usual circumstances? I have received letters stating that they have been definitely turned down. Is there any provision prohibiting the entry of Dutch immigrants, or are they as free to come in as persons of other nationalities?

Mr. HOWE: Dutch immigrants are free to come in under the rules governing immigration. Under the government movement, Dutch immigrants are screened by the immigration branch. If they come forward and are found healthy and otherwise suitable for emigration to this country it is quite within their privilege to come to Canada. How fast they can be moved depends upon shipping. As I say, the first movement of one thousand will take place on June 17, which is next week.

Mr. GRAYDON: Have these thousand Dutch immigrants had farm experience? If so, how will distribution be made throughout Canada?

Mr. HOWE: I have not the background in this type of movement which would permit my answering the question. It is my understanding however that many applications have been received for the employment of those included in the movement. Whether the applications are being filled in the order in which they are received, I cannot say. However I shall be glad to make a statement on that point later.

Mr. DESMOND: May I say that if there is any confusion regarding immigrants from Holland and if there is any question about their acceptance, they are all quite acceptable in Kent county.

P.E.I. CAR FERRY

INQUIRY AS TO DATE ON WHICH S.S. "ABEGWEIT" WILL BEGIN BORDEN-TORMENTINE SERVICE

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): Mr. Speaker, arising from the announcement made yesterday, as to the date of the christening ceremony of S.S. Abegweit, I now wish to ask an all-important question of the

Minister of Transport. Will the minister state when the S.S. *Abegweit* will take over the Borden-Tormentine ferry service?

Hon. LIONEL CHEVRIER (Minister of Transport): Just as soon as it possibly can, after the naming ceremony.

VETERANS AFFAIRS

VETERANS TAXI OWNERS ASSOCIATION OF MONTREAL

On the orders of the day:

Mr. G. H. CASTLEDEN (Yorkton): I should like to ask the Minister of Veterans Affairs what action has been taken to protect the interests of Canadian veterans who are members of the veterans taxi owners association of Montreal.

Right Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): I should like to make a statement on that question as soon as possible, but I have not the file before me now. I want to say at once that the Department of Veterans Affairs has nothing whatsoever to do with the activities of the veterans taxi owners association of Montreal, except that a former employee of the department got mixed up with the activities and he was immediately dismissed.

CHEESE

INQUIRY AS TO REQUISITIONING FOR UNITED KINGDOM CONTRACT

On the orders of the day:

Mr. G. J. TUSTIN (Prince Edward-Lennox): Yesterday an announcement was made by the Minister of Finance that the price ceiling had been removed on all agricultural products—

Mr. ABBOTT: Dairy products.

Mr. TUSTIN:—and I should like to ask the Minister of Agriculture if it is the intention of the government to requisition the entire make of Ontario cheese for the United Kingdom contract. If so, will it be taken at the floor price?

Right Hon. J. G. GARDINER (Minister of Agriculture): I do not know of any intention on the part of the government to requisition cheese this year.

INCOME WAR TAX ACT

The house resumed from Monday, June 9, consideration in committee of Bill No. 269, to amend the Income War Tax Act—Mr. Abbott—Mr. Macdonald (Brantford City) in the chair.

[Mr. McLure.]

On section 12—Private companies.

Mr. TIMMINS: Will the minister explain subsection 2?

Hon. DOUGLAS ABBOTT (Minister of Finance): As the explanatory note points out, the amendment to subsection 2 is consequential upon the amendment to subsection 1 which allows a private company incorporated after 1939 to elect to pay the special tax under this part of the Income War Tax Act. It is a purely consequential amendment in order to bring subsection 2 in line with subsection 1 as amended. I have a further amendment, to add a subsection 5 to this section, which I will ask my colleague to move.

Mr. McCANN: I move:

That subclause three of clause 12 of Bill 269 be amended by adding after subsection four therein contained the following subsection:

"(5) Where a private company pursuant to the winding up of another company received property in any form in respect of which it was not subject to tax under this act but in respect of which it would have been subject to tax if section nineteen of this act had been in force at the time it received the property, the private company may, at its option, include in its undistributed income for the purposes of this part of the lesser of

(a) an amount equal to the amount in respect of which it would have been so subject to tax, or

(b) an amount equal to the amount by which the value of all property in any form received by it pursuant to the winding up exceeded the value of the consideration given by the private company for the shares of the other company in respect of which the said property was received by it."

Mr. FLEMING: Explain.

Mr. ABBOTT: This is to cover a case which was overlooked when the original section was drafted. It was found that there were certain companies which, had they continued in their former state, could have qualified and elected under the provisions of the section. However, they had been reorganized and assets of the former company were transferred to the new company, but there was a substantial identity between the original company and the successor company. It was considered equitable that company No. 2, if it cared to do so, could avail itself of the provisions of the section, and this new subsection is being put in to enable it to do so.

The committee will realize that these provisions will lapse on December 31 of this year. It was suggested that these so-called private companies should be enabled to pay tax at the rates stipulated on their undistributed surplus. As the committee realizes, the

provisions are pretty technical and in the practical application it was found that there were certain cases which in equity would be entitled to the benefit of the amended provisions and which on one technical ground or another were excluded. The amendments this year are designed to cover cases which it is considered should properly be covered.

Mr. FLEMING: Company No. 2 in the instance given by the minister is to be given the option provided by the legislation which was consequential on the report of the Ives commission.

Mr. ABBOTT: That is it exactly.

Amendment agreed to.

Mr. JACKMAN: I do not like to trouble the minister at the moment, but this section refers to a private company. The interpretation section of the Income War Tax Act refers to a family corporation in paragraph (*d*) of section 2 and a personal corporation in paragraph (i). I have had some difficulty in distinguishing just what is meant by the interpretation section, and we now have a private company. I wonder if the minister, either now or later, would care to give the committee a succinct definition of these three different forms of small private or family companies so that we may have it clear in our minds?

Mr. ABBOTT: The family corporation is no longer of any great practical significance, because the special tax provisions relating to family corporations were repealed some time ago. The personal corporation is a type of corporation defined in the Income War Tax Act. I have not the section here, but broadly speaking it is a company with just a few shareholders which is controlled by an individual or by members of his family, and I think it is 75 per cent or 85 per cent of its revenue must be derived from interest or dividends on securities and the like. The income of the company is taxed in the hands of the shareholder in proportion to the number of shares held. This so-called private company, as used in this section, applies simply to the type of company which was dealt with by the Ives commission in its report, and colloquially it might be described as a company with closely held shares. The requirements in the suggested amendment are that the company should not have more than seventy-five shareholders. That definition is a modification of the provisions of the Companies Act, which states what will constitute a private company for the purposes of the Companies Act and thereby relieve the company from obligation of filing a prospectus or a statement in a prospectus.

I explained on introducing the resolutions on which these sections are based that in a good many cases, as a result of deaths and distribution among heirs, there are companies which are private companies within the intent of this legislation which have sold more than fifty shares, so we decided to extend it to seventy-five. There is nothing sacramental about the rule of fifty, except it happens to be the number which is set out in the Companies Act. That is a pretty general statement as to what constitutes a private company. There is no special legal significance to the term "private company" except under the Dominion Companies Act and except with respect to this particular legislation.

Mr. JACKMAN: As far as income tax is concerned has the family corporation classification any significance now? There are no such family corporations?

Mr. ABBOTT: That is correct. There are a few companies which may still have some income which was accumulated under the family corporation provision, but I think it has mostly been distributed. The provision with respect to electing to be treated as a family corporation expired in 1942.

Section agreed to.

On section 14—Tax in respect of dividends from a private company, etc.

Mr. FLEMING: I should like to ask the minister to give an explanation of this section. It is becoming very confused and involved. It is, without doubt, as difficult to follow as anything I have ever seen for some time. In explaining the effect of the section will the minister have in mind the impression that some of the provisions create, that in fact there will be retroactive taxation here?

Mr. ABBOTT: I realize these sections are very complicated. I found the greatest difficulty myself in working them out and in understanding them as drafted, although for over twenty years I have had experience in looking into sections of this kind. This particular section, which will be section 97 in the act, is to plug a loophole in the provisions of the act. I issued a press statement back in January pointing out what this loophole was, and stated that I proposed to introduce an amendment at the present session of parliament to plug it. Perhaps it would be as easy as any other way for me to explain it if I were to read into the record the statement I made at that time, and then I can elaborate

on it if my hon. friend wishes. I said I proposed to introduce certain amendments to the Income War Tax Act of a somewhat technical nature affecting private companies. I said that although not many taxpayers would be affected by the amendment, I thought that those who would be concerned should be informed. I now quote from the statement:

> The purpose of the amendment is to prevent legal avoidance of tax on distributions of accumulated surpluses of private companies electing to pay tax under part XVIII of the act in cases where persons have purchased their shares from corporate owners since December 31, 1944. Where the shares of the private company are acquired by the individual on or after January 1, 1947, the dividend paid out of accumulated surplus will be taxable in the hands of the individual at the rates that would have been paid by the private company in respect of the surplus represented by the shares in question if the present owner had been the actual owner on December 31, 1944. If the shares were purchased in the calendar years 1945 or 1946 the dividend will be taxable when received by the individual but at a rate of 15 per cent.

The reason for that was this. As my hon. friend will appreciate, dividends from one Canadian corporation to another are exempt from tax. Take a private company which had individual shareholders and corporation shareholders. It could elect and could qualify as a private company under this section. It elects to be taxed on the basis of part XVIII. The tax is calculated at the appropriate rate as income of the company on the proportion of the income of the company or proportion of the surplus of the company attributable to individual shareholders; but since the corporate shareholder would pay no tax on the portion of the income which was going to him, the total tax paid by the private company to which I referred would be less because of having corporate shareholders. Then, step No. 2. If an individual acquired the shares of that corporate shareholder or private company he could get the dividend from the private company tax free. It is to plug that hole that this amendment is introduced.

Mr. FLEMING: I thank the minister for his statement. The committee appreciates that there is a fairness about the proposal, but the feature which troubles me, and which I think has not been fully clarified by the minister is this. Simply because the warning was given in January of this year it is treated as a ground for imposing the tax now. But there may be people who acquired their shares prior to the date of the warning, and acquired them with knowledge, presumably, of the fact that the shares at that time were free of this particular type of tax. The tax is now being extended in 1947 although the individual sought to be taxed now may have purchased them prior to the date of the warning. No doubt in most cases he purchased them prior to the date of the warning, understanding, and being entitled then to understand, that the shares were free of tax on the proportion of undistributed surplus in the hands of the company. It looks to me like a retroactive tax, which is not a desirable kind of tax.

Mr. ABBOTT: One answer to my hon. friend is this, and that is why we made the difference between the two rates which were imposed here; the 15 per cent rate, which is the minimum under the schedule in section 92, applies to such cases as took place in 1945 or 1946. In the future the regular rates which are set out in the schedule apply.

Mr. FLEMING: Would it not be better to make it apply from this point on instead of going back?

Mr. ABBOTT: No; I really feel that that would be unjustified.

Mr. JACKMAN: I do not quite understand the minister's reasoning where the tax avoidance is if the corporation gets the distribution from the private company, it being a shareholder. When it receives the income it will go into the earned surplus of the receiving corporation, and then when it is paid out, as it must be some time if anyone is to benefit from it, the shareholders must ultimately pay the tax.

Mr. ABBOTT: I perhaps was not quite clear in my explanation. What happens is this. The individual buys the shares from corporation No. 2 before the dividend is paid out. That is where I was incomplete in my explanation. An individual buys shares of a private company from this other corporation before the dividend is paid out, and he receives the dividend tax free.

Section agreed to.

On section 15—Paragraph A of first schedule.

Mr. JACKMAN: There is nothing new to it in principle except what was said in the budget debate; but as the minister has said, and everyone in Canada believes, the rates of advance on taxation are much too quick, and this schedule is must too fast in its rate of advancement; after $1,500 a man pays an extra 2 per cent, I think it is, upon every $100, so by the time he reaches a taxable income of $2,000 he will be in the 20 per cent bracket. I merely wish to go on record again as saying I think that is too high a rate of

progression if the government wishes to stimulate the best activities and the utmost production in the country.

Section agreed to.

On section 16—Deductions allowed corporations refining or marketing petroleum.

Mr. ARGUE: An oil company is allowed to deduct from income the cost of exploration, even it if strikes a dry hole; why is the farmer not allowed to deduct from income the expense of digging a well, even if he finds no water?

Mr. ABBOTT: The short answer would be that this is incentive legislation to stimulate in Canada the search for oil, which is a badly needed raw material.

Mr. ARGUE: So is water.

Section agreed to.

Section 17 agreed to.

On section 10—Regulations.

Mr. ABBOTT: The hon. member for St. John-Albert raised the question last night that the provisions of this section might be interpreted in a very much broader fashion than I had thought possible, and I said at the time that if he was right the section should be amended or withdrawn. The purpose of the section is to endeavour to provide a flexible workable basis for administering the Income War Tax Act. What we are trying to achieve is an act which will be readily understandable and which will work fairly for all taxpayers. For that purpose it is necessary to give a certain amount of flexibility to the act. We are trying to eliminate the straight ministerial discretion, and in cases where flexibility is necessary we want to incorporate a provision whereby regulations will be adopted by the governor in council, which will of course require approval by the cabinet. The regulations will be published in the *Canada Gazette* and I hope would be available in brochure form for the use of all taxpayers.

Paragraph (3) (a) provides:

> The governor in council may make regulations not inconsistent with this Act.
> (a) prescribing the evidence required for any purpose under this Act.

That is pretty broad in its terms. I consulted the law officers of the crown this morning. They do not believe it could be interpreted as widely as my hon. friend suggested last night, but I think we should put the question beyond peradventure and state just what the intention is. As I said last night, this is intended to relate only to the administration of the act as such. The evidence required would be in regard to such matters as establishing charitable donations, dependency, and so forth. Suppose a man claims he has a dependent living in Europe. He should not be held to the strict rule of best evidence, but the department should be able to require that an affidavit be evidence of dependency if accompanied by money order receipts to show that payments were made regularly. That is the sort of thing we had in mind.

Paragraph (3) (b) reads:

> (b) requiring any class of persons to make information returns respecting any class of information required in connection with the administration or enforcement of this act—

And so forth. I discussed this with the officials of the Department of National Revenue, and they find that in the enforcement of the act they require information from different classes at different times in rather different forms, and it is hard to spell that out in advance in the act. They feel that there should be some flexibility and that regulations should be made, which could be made known to all taxpayers, so that the rules could be varied from time to time. They feel that it is not desirable that we should attempt to spell the whole thing out in the statute. With that in view I think the objections that were taken last night might be met by amending the section in this way:

> That clause ten of Bill 269 be amended by deleting the words "for any purpose under this act" where they appear in paragraph (a) thereof and substituting "to establish facts relevant to assessments under this act" and by deleting the words "the administration or enforcement of this act" where they appear in paragraph (b) thereof and substituting the words "assessments under this act."

In other words, prescribe what character of evidence may be accepted by the department, and what type of information may be asked for, relating only to assessments under the act. I suggest to the committee that that is a reasonable provision and that it will make for efficient administration of the act. If it is found that it is abused, and I do not think for one moment that it will be, the question could be raised in the house and an appropriate amendment insisted upon, but I suggest to the committee that the section as I now propose it and which I will ask one of my colleagues to move in a moment is an appropriate and a workable section.

Mr. HAZEN: I think the suggested amendment clarifies the matter to a very great extent, and so far as I understand it now it is acceptable.

Mr. FLEMING: I should like to say a word about the proposed amendment to clause (b). I can appreciate the points raised

by the minister, and I also appreciate his willingness last night to take these objections into consideration and review the section. Such an attitude on the part of the minister is something we welcome on this side of the house. We do not see enough of it on the part of ministers in the house.

But as to the amendment proposed by the minister I do say again, as I said last night in connection with another section, that the proposal of the minister is in some form or another to codify, first of all, the evidence to be prescribed under paragraph (a), and also the rules attaching to the filing of information by classes of persons under paragraph (b). It is a task that has to be done some time and it ought to be done here in parliament. It ought to be as easy for us to do it here as for the minister or the governor in council to do it. The minister says that it is desirable to have some flexibility, that more frequent changes are necessary than are possible with legislation. But I wonder whether with these long sessions of parliament there is any great danger of hardship arising if it is left to parliament to do the legislating. I want to offer this word of caution and warning. It is far too easy for any minister or any member to allow himself to get into this frame of mind: We want flexibility; let us not tie ourselves down too tightly; give power to the governor in council to make regulations. I do not think, Mr. Chairman, that that is a sufficient reason for leaving it to the governor in council. I think the task of parliament is to legislate clearly and to legislate sufficiently. A codification of the matters referred to by the minister will be helpful, but my point is that the body that ought to be doing that kind of legislating is parliament and not the governor in council.

Mr. ABBOTT: With a good deal of what my hon. friend has said I am in sympathy, but I think he and all hon. members who have had experience in these matters will agree that in an act like the income war tax act it is essential that power be given to make regulations which in effect become a part of the statute. In other words there is a certain type of legislation where, if the thing is to work efficiently and if parliament is to get through its work, parliament must lay down certain general principles and there must be a certain flexibility allowed whereby regulations can be made. It is a matter of opinion where the line should be drawn between those two points of view. That is where my hon. friend and I may differ. I feel quite strongly from the experience I have had that in a case of this kind the flexibility should be achieved by conferring upon the government of the day the power to make regulations. Remember that the minister in whose department the regulations are made is responsible through the government to this parliament and the country.

As I said a moment ago, I feel that administrative regulations of this kind which are widely publicized, which should be made known and would be made known to all taxpayers, can be made the subject of burning criticism in this house if the executive has presumed to go farther than it should go. In drafting this act and the bigger act which I hope to bring in a little later in this session, all I am interested in is to achieve a sound, workable and understandable tax law which we can make known to the people generally. I believe that one way to do that is to have the act lay down the broad general principles—in considerable detail, it is true—and then have fairly extensive power by the governor general to make regulations, which, of course, must be publicized, but which can be readily changed from month to month if the circumstances of the administration of the act demonstrate that it is desirable to do so. I am hoping that when I bring in my big bill my hon. friends will see that there is a considerable degree of that in the act. I am trying to get away from those purely ministerial discretions and put in something by regulation which will be the tax law, to which the taxpayer can have recourse and which the courts can interpret and rule on, which is not the case with ministerial discretions. That is what I want to get away from as much as possible. I honestly believe that this is a power which should be given to the governor general to exercise by regulation. I see that my hon. friend differs from me to some extent on that point; and that, of course, is a matter of opinion. I should like to see this section given a trial. As I say, it is perfectly open to any member of the house to come here and show that any regulation made is unjustified and demand that it be changed.

Mr. JACKMAN: That is not good enough.

Mr. FLEMING: I do not wish to prolong the debate, but I should like to mention two things about the statement which the minister has just made and which I appreciate. First, so far as the power to make regulations is concerned, I think the minister has ample powers now under subsection 2 of section 75. We are not taking away from him anything which he now has, in saying what we have said about the proposed new subsection 3.

Mr. ABBOTT: The minister may make regulations, not the governor in council. I am going a little farther in this section.

Mr. FLEMING: Probably that is another case where some improvement could be made in the new big bill.

With regard to the subject matter of paragraph (b), this is a matter of giving power to the governor in council to direct persons to make information returns which bear, not necessarily on their own assessments, but on the assessments of other people. Everybody wishes to see the government clothed with sufficient power to make sure that all persons who are properly taxable do pay their taxes. But after all, parliament has always proceeded, as I understand it, on the theory that the decision to compel people to make returns is an important matter and it has always done that by legislation. There are sections in this income tax act which require persons to make returns; such provisions are always in the form of legislation. It seems to me that this is a new departure, in clothing the governor in council with power to direct persons to make returns.

Mr. ABBOTT: I do not wish to prolong this debate either. I am informed that there are fairly wide discretionary powers under the British act to make regulations for returns of this kind, although I have not seen it. I would suggest to the committee that we give this a try; and if when the larger bill comes in, it is still felt that it is objectionable, when we are considering it next year we could repeal the section. I feel certain there will not be any abuse. As my hon. friend himself has said, it is put in solely for the purpose of seeing that the provisions of the taxing act are fully and fairly administered and that no one gets away without paying his just share of tax; because, if he does, somebody else has to pay it. That is the only purpose behind the section. It is not to try to give bureaucrats, so-called, any additional powers to go around harassing people for returns which they should not make.

Amendment agreed to.

Section, as amended, agreed to on division.

Mr. ABBOTT: Mr. Chairman, if I can do so under the rules, I should like to reopen a section which has already been carried. I refer to section 9. In that section, as the committee will recall, we extended to the smaller cooperatives—that is, cooperatives whose income did not exceed $2,000—the privilege of not making instalment payments of their tax because of the difficulty of knowing early in the year what their patronage dividends would be; they were exempted from that provision. Since the section was passed last night, I have had representations from the secretary of the cooperative union and from some others to the effect that that amount is rather too low; that it would involve a tax of only some $600. Therefore, with the permission of the committee I should like to ask one of my colleagues to move that the $2,000 figure be increased to $3,000, which would be roughly equivalent to a tax on such small cooperatives of $1,000. As a result of discussion with those who are familiar with these matters, I am told that they believe that will be reasonably satisfactory. In any event, we will try it out over this year, and if it is not satisfactory I would be quite receptive to the suggestion of increasing the amount by a further reasonable figure. However I think it will be found to be sufficient.

The DEPUTY CHAIRMAN: In order to reconsider section 9, it will be necessary to have a motion that the committee revert to it.

Mr. McCANN: I move that the committee revert to section 9.

Motion agreed to.

On section 9—When amount of income is $2,000 or less.

Mr. McCANN moved:

That section 9 of Bill 269 be amended by deleting the words "two thousand dollars" wherever they appear therein and substituting the words "three thousand dollars."

Mr. FULTON: Just before the amendment carries, I should like to ask the minister, if it would not be abusing a confidence on his part, whether the request was made specifically for $3,000 or whether it went beyond that amount? In other words, why stop at $3,000?

Mr. ABBOTT: It went beyond that. The original request made by the association was for a tax of $2,000. I felt that was really too much because it would be equivalent to a taxable income of $7,000; and it seemed to me that a cooperative with a taxable income of that size should be able to estimate pretty well in advance. This is a special arrangement for smaller cooperatives which do not keep their books in quite the same way, and which, I am informed, find some difficulty in estimating, early in the year, what their patronage dividends were as a deduction from income. I was told this morning by these people that this amended figure which I am

suggesting will work out pretty well. As I say, if it does not, we will look into it again next year.

Amendment agreed to.

Section as amended agreed to.

The DEPUTY CHAIRMAN: Shall the title carry?

Mr. ABBOTT: There is not any title.

Mr. HANSELL: The minister will recall that I had an interview with him a few weeks ago. I am bringing this matter before parliament now so that, if possible, it may be discussed by members who represent farming constituencies. I do not bring this matter before parliament by way of criticism. I had a courteous interview with the minister, and in order to open the matter up for discussion he suggested that I might ask him the question on the floor of the house. It was with respect to the manner of collecting farmers' income tax. During the Easter recess I had a delegation of farmers wait on me asking if it would not be possible for farm income tax to be deducted at the source. I recognize that this might involve many intricate matters of administration, but I do not think it would be impossible to carry it out.

The DEPUTY CHAIRMAN: Order. I would call the hon. member's attention to the fact that it is out of order to discuss these matters now, when we are dealing only with the title. If the hon. member has the consent of the committee to discuss these points, I am in the hands of the committee; but I make this observation because someone else might want to discuss the same or another matter, and it would be out of order.

Mr. ABBOTT: May I ask my hon. friend if this was a discussion he had with me or with my colleague the Minister of National Revenue?

Mr. HANSELL: No, it was with the Minister of Finance, here in the chamber.

Mr. ABBOTT: Probably when my hon. friend gets a little further along with it I will recall it, but at the moment I cannot remember that particular conversation.

Mr. HANSELL: I am afraid it could not have made much of an impression upon the minister, though he even promised me that he would refer the matter to some of his officials.

Mr. ABBOTT: As the hon. gentleman goes along a little, I may remember it, but so many hon. members speak to me that my memory is not as good as it might be.

[Mr. Abbott.]

Mr. HANSELL: As a matter of fact I think I have stated my case. I recognize, Mr. Chairman, that it is a little odd to discuss this matter on the title, but this bill is with respect to income tax and it contains nothing covering certain particular situations. I believe there is also a matter with respect to resolutions of the farmers' union, to which the minister said he would reply. The delegation that waited upon me seemed to think this tax deduction at the source could be carried out, and they advanced a good many arguments in favour of their position. Certain deductions are now made, not for income tax purposes but for other reasons. For instance, certain deductions are made for the administration of the Prairie Farm Assistance Act. This indicates that it is not impossible to make deductions at the source. I should like the minister to give some public reply to the request. He is nodding his head; evidently he now recalls the discussion. I know he is a very busy man; I know any finance minister having the administration of this country's financial policy has tremendous responsibilities, especially under this system.

Some hon. MEMBERS: Oh, oh.

Mr. HANSELL: I am not going to enter upon that discussion, though I notice the finance minister has moved a little farther away from this corner of the house since last night. I hope that is not too significant.

Mr. ABBOTT: That is just because they put the chairs here.

Mr. HANSELL: Then perhaps the minister would reply now.

Mr. ABBOTT: First, I must apologize to my hon. friend. I now remember clearly our discussion. I was a little confused as to what question my hon. friend was raising, but a moment later I realized that he was referring to the suggestion he made that farmers' income tax should be deducted at the source in somewhat the same way that deductions are made from salaries and wages. I did discuss that matter with the officials and also with my colleague the Minister of National Revenue; but, as regards the farm population generally, I am afraid it would be administratively impossible. It might and perhaps would work in the case of a farmer who is raising only one crop, such as wheat, and selling it all at a given point; but, for a man engaged in mixed farming, I am told, and I believe, that from a practical point of view it would be almost impossible to operate the same system as is followed in connection with salaries and wages. If it could be done I am sure nothing would

please my colleague the Minister of National Revenue better than to get it while the getting was good; but I am told it is not practically feasible.

In the course of the debate the hon. member for Battle River and, I think, the hon. member for Acadia also referred to representations made to me by representatives of the Alberta farmers' union, and I said I would reply to those questions at a later stage. I remember very well the discussion I had with representatives of that organization, who submitted to me an extensive brief with a series of recommendations. The hon. member for Battle River mentioned most of the points in the course of his remarks the other evening. Some of them I find are matters for my colleague the Minister of National Revenue, and he will reply to those in due course; I understand he is prepared to give answers on those points. But there are some which concern my own department.

The first request was for a four-year averaging of income in place of the present three-year averaging. For reasons which I believe I have already given in this house, I did not consider that I could recommend this change.

The second point was one which we discussed at some length the other evening; that is the question of the proceeds of the dispersal sale of live stock. I mentioned yesterday evening that this question is receiving, at the moment, particularly active consideration by the Department of National Revenue. I understand that some of their officials are now in western Canada discussing this matter, and I have been given reason to believe that a statement of the policy considerations which will govern in those cases will be arrived at very shortly.

One of the other suggestions was a request for higher personal exemptions generally. I have discussed that point on one or two occasions during the course of this debate, and I do not think I can add anything more at present to what I have already said.

There was also a recommendation that farmers be relieved of the responsibility for deducting income tax from farm wages. Here again I was forced to conclude that we could not properly relieve formers from an obligation which is imposed upon all other employers with regard to tax deductions.

The suggestion was also made that we should allow as a charge against current income the payment of debts incurred in previous years. In this case also I think I gave my reasons earlier in this debate as to why I do not think a proposal of that kind would be equitable. Of course, as hon. members will realize, the present system of averaging, in connection with farmers' incomes, goes a long way toward evening up for tax purposes the varying results of different years of operation, and I do not think I am prepared to go any farther at present than is provided in the existing law.

I think I have covered the points raised by the hon. member for Battle River as far as they relate to my own department. Some of the other points may perhaps be more properly dealt with by my colleague the Minister of National Revenue.

Mr. FAIR: I should like the Minister of Finance to go right through the fourteen recommendations made by the two farm organizations and deal with those coming within his department, and then the Minister of National Revenue to deal with the remainder.

Mr. ABBOTT: I can do that; I did it with the delegation when they were here. I went through the list, point by point. I have covered those which relate to my own department, but I can go through the list; I have the brief in my hand. The fourteen recommendations were as follows:

1. Four-year average for income tax purposes. I have already dealt with that.

2. Dispersal sales of live stock. I have dealt with that.

3. The raising of exemptions. I have dealt with that.

4. Allowance for labour of farm families in connection with production on the farm. I dealt with that yesterday evening.

5. No further responsibility for income tax on farm wages. I dealt with that a minute ago.

6. Board of arbitration on income tax cases. There is an appeal board, and I do not think any further boards should be set up.

7. That payment of arrears of interest and principal on the home farm, due before 1940 be allowed as deductions for income tax purposes. I dealt with that a minute ago.

8. Provision for final clearance to all taxpayers within two years. That comes under the Department of National Revenue.

9. No special exemptions to any class but full provision for proper expenses. That is an excellent generalization, with which I heartily agree.

10. Simplification of income tax forms. That is the Department of National Revenue.

11. In computing net worth statements over the years 1941 to 1945 the increase in value

of live stock and implements which has come about through the general advance in prices should be discounted and an equal amount of this property valued on the same basis per unit for both years. That is a national revenue matter.

12. Uniformity of interpretation and administration of the income tax act. It should not be left to the discretion of district inspectors to vary the provisions of the act. That is national revenue.

13. Brushing and breaking of new land should be considered as a current expense. That is national revenue.

14. Money expended in drilling or boring wells or excavating dugouts on the farm together with all equipment for same should be chargeable as a current expense. That is national revenue. It is a question of whether it is capital or revenue expenditure.

Those are the fourteen points.

Mr. JACKMAN: There is another point.

Mr. McCANN: Perhaps I might be permitted to deal with two or three of the points the Minister of Finance missed.

Mr. ABBOTT: I refer it to your skilful attention.

Mr. McCANN: This afternoon the hon. member for Wood Mountain raised a point in connection with section 16, with reference to money expended in drilling or boring wells or excavating dugouts on the farms, together with all equipment for those operations, with the suggestion that it should be chargeable as a current expense.

Such expenses are inherently of a capital nature and, in accordance with recognized accounting principles in the case of business and entrepreneur classes in general, would be capital expenditures and not a deduction from income. However, it has been the practice of the division for simplicity of administration to allow such expenditures as a charge to income if they do not run into any substantial sum. Relatively shallow wells which are apt to go dry fairly quickly and not costing more than $250 to $300 are usually allowed as an item of expense in the year in which made, rather than spread over the two or three years of the possible life of the well. This also applies to the ordinary run of dugout. However, large deep wells and large dugouts would naturally have to be treated in their proper category as capital expenditures. I believe that affords rather generous treatment to farmers, and that perhaps it meets the wishes and demands of the hon. member who raised the question.

[Mr. Abbott.]

Mr. ARGUE: Is depreciation allowed on the wells?

Mr. McCANN: No, there is no depreciation for wells. There might be a windmill which went into it.

Mr. JOHNSTON: Is there not a ten per cent depreciation?

Mr. McCANN: The next recommendation is that the brushing and breaking of new land should be considered as a current expense.

In point of fact, casual and incidental brushing and breaking are usually accepted as a current expense. A major piece of work sometimes involving twenty or thirty dollars an acre for a considerable area is obviously a capital expenditure just as would be the brushing and clearing of land for a new airport or new factory. Expenditures on the development of land are frequently of considerably more value than the amount of the actual outlay, and it is only fair that the amount of such expenditures should be charged to capital. It is not only fair but in keeping with universally recognized accounting principles.

The special allowances which were made to those engaged in drilling for oil were a wartime measure based on the nation's then desperate need for gasoline for military use. These were exceptional measures for conditions of exceptional national danger.

The third recommendation is with respect to the uniformity of interpretation and administration of the income tax act, and the suggestion that it should not be left to the discretion of district inspectors to vary the provisions of the act.

No evidence has been forthcoming to show that the directors of the district offices do, in point of fact, vary the provisions of the act, but in the administration of thousands of cases in which there may be widely varying circumstances the directors and their assessors must naturally be allowed to use their own judgment to a reasonable degree. Overly rigid rules would be more likely to work injustices to individual taxpayers than the situation under which responsible officers are given some freedom to interpret in a reasonable and logical way the broad principles laid down for their guidance.

It is quite possible that in a limited number of instances some differences of interpretation may arise on relatively minor points. To keep such differences at a minimum, however, meetings have been held from time to time among the officials charged with this work

both in Ottawa and at other principal centres, and this procedure will be carried out to an increasing extent in the next several years.

Mr. FAIR: Have not instructions been issued to assessors in the different administration districts?

Mr. McCANN: Yes; directives go out to the district offices in connection with many types of work. Those go to the head of the administration in the district, and if they concern the assessors they are passed on to those assessors.

May I add, in connection with the assessing of farm returns, that we have received many letters from farmers commending the procedure which has been taken with reference to our attempt to keep farmers informed as to the regulations, the methods used in assessing, and the type of return we would ask them to make.

Let me say frankly that there has been more criticism in the House of Commons than there has been from the farmers about the assessment of farmers. That may be quite natural—

Mr. FAIR: The farmers are not here to speak for themselves; therefore we have to represent them. On April 14 I asked for a copy of the instructions issued to the assessors, but—

Mr. McCANN: I had intended to say what the hon. member said, namely that the farmer cannot be here to speak for himself. But I seldom hear a good word said for the income tax branch by the representatives of the farmers. It is for that very reason I bring to the attention of hon. members the letters of commendation from farmers throughout the country which have been received.

Mr. FAIR: Perhaps the minister would table those letters.

Mr. McCANN: If you are going to speak, then I will sit down. If not, let me continue. I have had letters from Mr. Northfield, our representative in Edmonton. He is the district inspector out there, and he tells me that the assessors are sent out to the different parts of the country where public meetings are called. At those meetings information is given to the farmers as to the type of return we would like to have them put in. They are told how to keep something bearing a resemblance to books from which they may tell from year to year what their position is. The consensus from the farmers, as indicated by the letters I have received, is that the inspector and the assessors have been well received. The department has been commended for the action it has taken in giving out that information and helping them to make their returns.

That is not a condition which obtains in only one or two districts; it is one which is found generally throughout the whole of the western provinces.

To conclude my statement with reference to the uniformity of interpretation and administration of the income tax act, it is pointed out in the directive that, apart from what I said earlier, the head office endeavours, by correspondence and by methods of supervision, to keep the interpretations as uniform as possible. It is to be remembered, however, that it rarely happens that the facts of two cases are actually identical even where at first sight there is a considerable degree of similarity.

I think a good deal of the criticism with reference to returns made by farmers and assessments arises from the fact that the department have not done enough educational work in the farming communities to indicate to farmers that they as well as any other class should pay the tax as long as it is the law of the country. We are going to endeavour to clear up that situation by continuing these meetings in certain districts. All our farmers are excellent citizens, and I think they will see the point that they should make a contribution through income tax as well as any other taxpayer.

Mr. FAIR: I believe I have been one who has criticized the department as much as anybody else—

The DEPUTY CHAIRMAN: When the hon. member for Macleod rose I called the attention of the committee to the fact that it would be out of order to have a general discussion on the title. The hon. member for Macleod was permitted to proceed and then the ministers made their statements. I am in the hands of the committee but actually there should be no general discussion on the title.

Mr. ABBOTT: It was agreed last night that certain information which had been asked for, particularly by the hon. member for Battle River, should be given after we had concluded discussion in committee of the sections of the bill. I think that information has been given as fully as the Minister of National Revenue and I can give it. There is no section before the committee; there is no bill before the committee; we have completed our work in committee.

Mr. FAIR: I asked the minister some questions on the resolution stage and it was impossible for me to discuss those questions until I got the answers. I feel that I should have a couple of minutes now. If I do not take time now, I can take it on third reading, so that it is up to the committee entirely.

Mr. GOLDING: As I say, the Chair is in the hands of the committee.

Mr. ABBOTT: I have no objection, but I think the discussion should be restricted to comments by the hon. member for Battle River upon the questions which he asked me and to which I have just given him answers. I do not think we should reopen this whole debate. Perhaps his position is fair since I asked him to permit a delay in getting the answers to his questions, but I suggest that we should not open up the whole discussion.

Mr. FAIR: I wish to thank the minister, particularly for saying that my position is fair. I believe it is fair. As one of those who have criticized the administration of the income tax legislation, not because of the income tax itself because I believe that, as far as taxes go, the income tax is one of the fairest that can be levied, I feel I should say something. I am not in favour of the present levies or the present exemptions, and I want to make that definite and clear.

I want to commend the Department of National Revenue for having instructed their inspectors to attend meetings for the purpose of educating the farmers. Earlier in the discussion I advocated radio addresses or perhaps the putting out of a booklet by either the Department of Finance or the Department of National Revenue giving farmers instructions along these lines. That would help to clear up a lot of the misunderstanding and perhaps hard feelings which exist.

On April 14 I received a return in reply to a question which I had asked in connection with instructions issued to assessors of farm income tax during each fiscal year from 1939-40 to 1945-46. This return contains brief information. One set of instructions dealt with the transfer from cash to accrual basis and the other one dealt with wheat participation certificates. Those were issued in 1943-44 and 1944-45. I do not believe I have been given all the information for which I asked. If instructions have been sent out to the different officers, perhaps the Minister of National Revenue could at his convenience, supply me with copies for the years mentioned.

The question of uniformity of administration came up, and I think we have had evidence enough from the different administrative districts to show that there is no uniformity of administration. In connection with brushing and breaking new land, I am quite satisfied that if a farmer undertakes to break twenty, thirty, forty or fifty acres of land that expense should be allowed in the year in which it is incurred. Unless that breaking is done, he cannot produce any crops. As I pointed out when dealing with this matter before, if the farmer hires help during the year to do that work there is no question about those wages being allowed, but if he hires a contractor to come in and do the work, then the department sees fit not to allow that expense. I feel that any expense incurred in a particular year for the clearing or breaking of land should be allowed as a current expense for that year.

I am not going to say anything more at this time because quite a little time has been taken up, but I should like to ask the Minister of National Revenue one question. Will there be sent out to the different administrative districts instructions which will line up with the discussion we had here yesterday and today in connection with farmers' income tax?

Mr. McCANN: Yes, we will see to that.

Mr. KNOWLES: Has consideration been given to changing the name of this act?

Mr. McCANN: That is in the new act.

Mr. SMITH (Calgary West): May I say one sentence which may perhaps be a bit out of order? I am sure the minister will be glad to hear what I am going to say. I want to tell the committee that four oil wells are in active production in the Leduc field. They have established a front of three and a quarter miles in length, with an open flow of roughly one thousand barrels apiece. They are now producing roughly one hundred barrels apiece on a choke of from three-sixteenths to three-eighths of an inch.

Bill reported.

EXCESS PROFITS TAX ACT, 1940

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the second reading of Bill No. 270, to amend the Excise Profits Tax Act, 1940.

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

On section 1—Minister may direct standard profits to be ascertained by board of referees where profits from a business substantially different.

Mr. FLEMING: The minister has gone part way to meet the views which some of us expressed in the resolution stage concerning the proposed deadline for the filing of SP-1 applications. Instead of the deadline being fixed at August 1, it is now proposed that it be fixed for general purposes at September 1, and there is a further exception. I should like to make an observation or two about the exception. The explanatory note at the bottom of page 2 reads as follows:

> The amendments in this subsection give effect to paragraph two of the resolution which provides "That no taxpayer shall be entitled to make application for determination of his standard profits on or after August 1, 1947." The final date for application has, however, been extended to September 1, 1947, and special provision has been made for taxpayers who, by reason of first becoming liable to pay tax on excess profits did not find it necessary prior to that date to have their standard profits ascertained.

As I read the new subsections 4, 6, 7 and 8, they deal with the generality of applications. In subsection 9 provision is made for an exception which is described in the note as follows:

> Exception—where taxpayer may compute his standard profits or make application for determination by the board.

I appreciate the fact that the minister has gone part way, but I urge that when the tax is to continue until December 31 of this year, in the case of those who may come within the new capital or reclassification provisions of the present section 5 of the act, a prohibition of the filing of any application to ascertain standard profits should not be imposed while the tax is still being incurred. With the tax coming off on December 31 of this year, will the minister not agree to allow the filing of such applications up until at least December 31 of this year when the tax is to be removed, in the special cases to which I have referred? As I mentioned when I spoke on this matter on the resolution stage, I can see that it is quite fair, provided that ample warning is given, to fix a deadline for the filing of applications in the case of persons claiming to have a depressed business or to be engaged in a depressed class of business; but it seems to me that these other cases should not be assimilated with the cases of which I have just spoken.

Mr. ABBOTT: I think every case is actually covered here. Take the case of the company which has been in the excess profits tax bracket and should have filed its return, got its material in and had its standard profits ascertained. We ask that the application be put in and the relevant data submitted before September 1. I do not think it is unreasonable in the case of this company that it should do that. In the case of companies that have losses or low profits during the period up to this date, or in the case of new companies, they are under the provisions of the proposed section as amended since the resolution stage. All they have to do is give notice prior to September 1 that they intend to make application to have their standard profits fixed, and they have ample time after that to get their material in and have it completed. That covers the case which my hon. friend referred to the other day, of the new company or the company which had never had occasion to come in and have a standard profit fixed.

The case to which he has referred, that of a change in capital, or an increase in capital, is automatically taken care of. Section 4 deals with increase in standard profits. One does not have to go to the board of referees to have his standard profits changed. In case of capital changes during the fiscal period ending December 31, 1947, the standard profit is automatically adjusted to take care of the increase in capital, or the decrease in capital if decrease there be.

I discussed this matter with the officers of my own department and the Department of National Revenue, and I am satisfied that there will be no hardship in the section as now proposed.

Mr. FLEMING: I should like to make one further request to the minister. The decision having been made to proceed on this basis, will the minister take reasonable steps to see that warning is given to the public? I know that a directive has been issued on this subject on the basis of the resolution. It went into certain publications received by chartered accountants. I know it also went to many lawyers; I saw it in "Ontario Weekly Notes" recently. I would think that a newspaper advertisement would be justified in a case of this kind to warn companies which may be affected and which may not be served at the present time by solicitors or chartered accountants.

Mr. ABBOTT: I agree that the provision should be widely publicized and we shall see that that is done.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—No tax on profits earned on and after January 1, 1948.

Mr. PROBE: Before this section carries, will the minister tell us whether in the field of corporation tax anywhere the department considers it necessary to adopt the principle of ability to pay in connection with taxation? I should like to refer him to the fact that in the personal income tax field the rates are made progressively steeper as the income of the individual rises. So far as I can see, no such principle is recognized in differentiating between small and large corporations. I am, of course, personally opposed to section 4 and do not wish to see the excess profits feature removed from taxation. But apropos of this, will the minister give us some indication if and how the factor of ability to pay, which I think is a recognized principle, is applied in the field of corporation tax?

Mr. ABBOTT: Of course the corporation tax field is a big one. When you tax a corporation as such you are taxing a legal person. It is really a tax on what would otherwise be distributed to the shareholders, and to that extent it may be regarded as a double tax. There has been a good deal of discussion in the house and elsewhere that we should try to work out a system analogous to the English system whereby a certain standard tax is deducted by the corporation and then the taxpayer takes credit for that in his own personal tax return. Our system follows the system which was established in the United States and, except for the so-called excess profits tax during the war, it has taken the form of a flat percentage tax of the company's net income. In a sense, that does not take into account ability to pay because the corporation is a corporation; it is not an individual. When the shareholder gets his dividend, then the progressive feature comes in and the shareholder pays his tax.

If I remember correctly, in the proposals which were put out in connection with the suggested agreements with the provinces it was indicated that if and when agreements were made with all provinces it would be possible to make some revision of the corporation tax structure, but the progressive feature is not a feature of the corporation income tax structure. The obvious answer is that a good many wealthy men own small companies and a good many poor men own shares in big companies. As my hon. friend appreciates, this question of the taxation of business or corporation profits is a complex one and it is hard to say where the final incidence of the tax will fall.

Mr. PROBE: The minister referred to the fact that our corporation tax structure is based on that of the United States.

Mr. ABBOTT: Not based on it, but similar.

Mr. PROBE: There is one important point of difference. In the United States the principle of capital gains is adopted, whereas with us capital gains are disregarded entirely. Would the minister care to express an opinion on introducing that feature into our field of income taxation?

Mr. ABBOTT: That is a very large question. It has always been foreign to the British conception of an income tax. Some of us may remember during the days of the depression that it has disadvantages, and I have never been able to see great advantages. It has always seemed to me that a capital gains tax lent itself to methods of evasion which I personally am not very much in sympathy with.

Section agreed to.

Bill reported, read the third time and passed.

SPECIAL WAR REVENUE ACT

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the second reading of Bill No. 271, to amend the Special War Revenue Act and to change its title to the Excise Tax Act.

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

Sections 1 to 3 inclusive agreed to.

On section 4—Tax on railway, et cetera, ticket.

Mr. FLEMING: I have a question with regard to the last clause on the page reading:

> The governor in council may reduce the rate of tax imposed by subsection one of this section or abolish the said tax as he may deem expedient.

The explanation given in the explanatory note is:

> The new subsection 9 is designed to permit the rate of the transportation tax to be kept parallel to the corresponding tax in force in the United States, if deemed expedient.

If it is expedient that the tax in Canada be equated with that in the United States, surely we can have a more definite statement

from the minister as to the government's intention than appears in the explanatory note.

Mr. McCANN: When the United States revised its transportation tax considerable representation was made by the transportation companies that, unless Canada did likewise, the travel agencies and the transportation companies would probably lose considerable revenues, because people who wanted to make transatlantic, transpacific or South American journeys would probably purchase their tickets in the United States in order to avoid the Canadian tax.

The intention of this section is to exempt journeys to Europe, Asia, South America, and Australasia, from the last point in Canada or the United States where the vessel or aircraft stops to discharge or take on passengers, but intervening transportation would be taxable. That is, if a person bought an air line ticket from Winnipeg to Prestwick, Scotland, and the point in Canada from which the aircraft took off for direct overseas flight was Dorval, then the portion of the ticket from Winnipeg to Dorval would be taxable. Similarly, if a passenger travelled by rail and vessel from Winnipeg to Liverpool, embarking at Halifax, the rail journey from Winnipeg to Halifax would be taxable.

Provision has also been made to empower the governor in council to reduce or remove the tax if it is found necessary so to do because of similar action taken by the United States. It may perhaps be explained that transportation companies, travel agencies and the like, find that a difference in the tax rate causes considerable fluctuation in the purchase of tickets in Canada and United States if the rates of tax are not parallel. This is to enable us to bring the tax rates into conformity with each other.

Mr. FLEMING: If this section is adopted will it be applied in such a way that, if changes are made in the United States tax, the Canadian excise tax will be changed in parallel fashion?

Mr. McCANN: This is to give the government power to meet conditions which might arise when the house is not sitting if there were a revision in the United States rate. This gives us power to revise our rate.

Mr. FLEMING: That does not answer my question. If the section passes may we take it from the statement made by the minister that, if changes are made in the United States tax, parallel changes will be made in the Canadian tax?

Mr. McCANN: We would not necessarily obligate ourselves to do that. It would be taken into consideration, and the government would have the power to do it.

Section agreed to.

Sections 5 to 11 inclusive agreed to.

On section 12—When taxes payable.

Mr. PROBE: My remarks will apply to both sections 12 and 14. Under section 12, the excise tax on certain commodities, wines I believe, are paid at the time of sale by the Canadian manufacturer. The effect of section 14 is identical because it refers to the collection of a consumption or sales tax of eight per cent on the sale price of all goods. Generally speaking, I think both excise and sales taxes are collected from the manufacturer on the invoice which he presents to the jobber or to the retailer. The effect on the consumer of this form of taxation is that there is a pyramiding of costs on the sales and excise tax portion, thus affecting the final cost of the commodity. With an eight per cent sales tax, I am quite certain that the ultimate consumer pays twelve to fourteen per cent on an article on which the government realizes only eight per cent. Since this is a consumer's tax, it enters into and is an important feature in the cost of living. Why is it that the Department of National Revenue or the Minister of Finance could not consider collecting both excise and sales tax at the last point of sale—that is, in the hands of the retailer—instead of in the hands of the manufacturer, and making it eight per cent at that stage, if he must—although I oppose that rate—or whatever rate the government decides is adequate! Then it would seem to me that at the same time it might be desirable to use a system of stamps placed on the goods to show that the taxes have been paid, as in the case with playing cards, matches and the like. The present form of taxation gives the government a good deal less revenue than is actually paid as tax by the consumer. It differs in that respect from the income tax where the amount paid by the income taxpayer is net to the taxpayer and the cost of collection is a cost borne by the government. But in the case of excise and sales taxes, the cost of collections is an expense added to the tax and borne by the consumer. Has the government given some consideration to the practicability of what I am now suggesting? What administrative flaws are there in levying the tax in the way I suggest rather than at the manufacturer?. I believe that it would result in more revenue to the govern-

ment, using exactly the same rate of taxation. Would the minister care to comment on that?

Mr. McCANN: There would necessarily be grave difficulties if such a system as that advocated by the hon. gentleman were followed in that, instead of dealing with a limited number of licensees, you would have to deal with an almost countless number.

Mr. PROBE: By the use of a form of revenue stamps, it would seem to me that would be obviated.

Mr. McCANN: All of that costs a good deal of money. As one example, I might state to the hon. gentleman that the removal of an imprint upon an excise stamp which was used on tobacco saved the government $40,000 in a year. From that it can be seen how quickly costs of that type would run up and pyramid. With respect to the pyramiding of the sales tax, that is not nearly as much in effect now as it was some years ago.

Mr. PROBE: The minister has stated that the sales tax levied at the manufacturer's place of disposal, where he passes it on to the jobber or to the retailer and the invoice will have the eight per cent added, will not pyramid the sales tax. I do not believe that statement is correct.

Mr. McCANN: Not as much as it did because of competitive conditions which obtain now and which did not obtain before.

Mr. HERRIDGE: I have knowledge of firms which have gone bankrupt and which have collected sales tax from individuals, but the government did not receive any of it. What is the department doing to protect itself in those cases?

Mr. McCANN: The position is this. In the case of any firm which goes bankrupt and owes sales tax to the government, the government is one of the creditors and shares with the other creditors.

Mr. PINARD: A privileged creditor.

Mr. HERRIDGE: Is that trust money?

Mr. McCANN: We are in an in-between position. We are between the creditors who have privilege or priority and the common creditors. We come before the common creditors. Every attempt is made to collect as much as it is possible to collect of money owing to the crown.

Mr. HERRIDGE: Will the minister inform the committee how much has been lost by the department with respect to that kind of thing?

The DEPUTY CHAIRMAN: Shall section 12 carry? Carried.

[Mr. Probe.]

Mr. STIRLING: No, Mr. Chairman. A question has been asked.

Mr. McCANN: The hon. gentleman is entitled to an answer. I do not know how much has been lost, but we have figures on what has been collected.

Mr. PROBE: Has the minister collected the $40,000 odd which was owed three years ago by Caledonia Farms when they went bankrupt? That was an Ontario meat-packing firm and it owed the Department of National Revenue some $40,000 or $41,000. Was that collected?

Mr. McCANN: Although I do remember the case I do not recall the figures in connection with it. We could get that information for the hon. gentleman.

Section agreed to.

Sections 13 and 14 agreed to.

On section 15.

Mr. FLEMING: I wish to ask a question with reference to subsection 3 of section 103. The effect of the section would be to give the minister power to grant exemptions from the licensing provisions of the act. In what cases is it intended that this power of exemption should be exercised, and what is the reason for it?

Mr. McCANN: That would have to do with small manufacturers, people who are in the cosmetic business, people manufacturing handbags and things like that in their own homes, who have not established a place of business for that work entirely; it is a sort of side-line and the amounts involved are small.

Section agreed to.

Sections 17 to 28 inclusive agreed to.

Mr. McCANN: I just wish to make this statement. This bill appears to have gone through rather hurriedly. There are no great changes in the act besides the fact that it implements the changes founded on the resolutions under the budget. The whole idea of bringing in this Special War Revenue Act and of changing its name to the Excise Tax Act is in order to simplify it, consolidate it and put in their proper position those portions of the act which have to do with the same thing, such as licences, penalties and the like of that. It has been more or less a tidying-up process so that the act is much more easily referred to and much more easily read.

The DEPUTY CHAIRMAN: Shall the title carry?

Mr. ROSS (St. Paul's): Apropos of the statement made by the minister, is one of the reasons for changing the act to get away from the idea of calling many of these things luxury taxes? I judge there is to be no change in the luxury taxes?

Mr. McCANN: There are no changes in any of the taxation in this act.

Mr. ROSS (St. Paul's): I was suggesting that this luxury tax we are talking about, such as the tax on alarm clocks, flatware and so on, will stay on for some time. Is that the idea? Or does the minister propose to make some change shortly, revamping the tax on luxuries, as we call them?

Mr. McCANN: That is not within my province. That belongs to the Minister of Finance. We do nothing with reference to the changes except see that they are properly and honestly administered.

Title agreed to.

Bill reported, read the third time and passed.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

VETERANS' AFFAIRS—VETERANS' TAXI OWNERS ASSOCIATION OF MONTREAL

Hon. PAUL MARTIN (Minister of National Health and Welfare) moved that the house go into committee of supply.

He said: Mr. Speaker, the house will recall that on Friday last it was agreed that we would call two new departments on going into supply. The first item that I suggest be called is No. 366, of the Secretary of State.

Mr. G. S. WHITE (Hastings-Peterborough): Before you leave the chair, Mr. Speaker—

Mr. MARTIN: If the hon. gentleman has anything to discuss, in view of the peculiar conditions prevailing this evening, perhaps it would be better to let the matter stand. It was agreed that we would go on with the estimates of the Department of National Health and Welfare, and in view of the fact that members of the ministry are otherwise engaged it would seem to me that if the hon. gentleman has no objection we should not proceed with the question he has in mind. Perhaps in view of the circumstances he might agree with me in that.

Mr. WHITE (Hastings-Peterborough): In reply to the remarks of the minister I would say that the matter I wish to bring up is the one I raised last Thursday, with which I was not allowed to proceed. On Friday evening the leader of the house indicated that if we reached supply on Monday we would take national health and welfare, and agriculture.

Yesterday afternoon we did not reach supply, nor did we reach it by eleven o'clock. Then the Minister of Veterans Affairs (Mr. Mackenzie), in giving the business for today, said he hoped to bring in the two departments he had expected to get in the day previous, and two more. If that is correct, that will leave only one or two departments still to come in.

Mr. MARTIN: No; it will leave five more. These two will make fifteen, and that will leave five others still to come.

Mr. WHITE (Hastings-Peterborough): Even so, the opportunities yet to be afforded hon. members will be very few, and the matter I wish to raise, after trying to do so last Thursday in the proper way and being prevented from doing so, in my view is important. It became my intention to take advantage of the first opportunity to bring up that matter on going ino supply. I expected that opportunity yesterday, but it did not materialize, so that this is my first chance to do so. It is to be regretted that the Minister of Veterans Affairs is not here, but in my view the matter I wish to discuss is urgent and should be brought before the house as soon as possible. Therefore, with all due respect to what the minister has said, I should like to proceed.

Mr. MARTIN: I am sure the hon. gentleman will permit me to interrupt once more. I appreciate that the point he wishes to raise is, in his judgment, an important matter, but I would point out to him and to the house that at Rideau Hall a dinner is being held tonight in honour of the President of the United States. It is only proper that members of the government should be at that dinner; and among those in attendance is the senior privy councillor other than the Prime Minister (Mr. Mackenzie King); that is, the Minister of Veterans Affairs. In view of the well known chivalry of my hon. friend, I would respectfully suggest to him that his point could be raised the next time supply is called for the purpose of bringing in another department. In the circumstances, in view

of the fact that the ministers, I think properly, are out of the house, I would ask him to raise his point then. Thirteen departments have been called; it is suggested that two more be called tonight, which will leave five yet to be called, so that the hon. gentleman will have ample opportunity. I would ask him to be good enough to accede to my request.

Mr. MacNICOL: On a point of order, Mr. Speaker, the hon. member has every right to proceed if he wishes to do so.

Mr. DEPUTY SPEAKER: No point of order has as yet been raised.

Mr. MARTIN: This is just a request; there is no doubt about his right.

Mr. WHITE (Hastings-Peterborough): In reply to the request of the hon. gentleman, and in view of the kindly way in which he has referred to me, I would remind him of what took place in the house last Thursday. In my opinion the matter I raised was urgent, and was not something that could be ruled out because it was before the courts. On that occasion some of the hon. gentlemen who sit around the Minister of Health and Welfare did not extend very much courtesy to me. However I would say to the minister that if he would undertake to have supply called tomorrow, not at half-past ten or a quarter to eleven o'clock tomorrow night but tomorrow afternoon, to give me an opportunity of raising the matter I have in mind, I should be glad to accede to his request. I realize that the Minister of Veterans Affairs is not here tonight, and I should be pleased if he were here when I make my statement. But I should not like the matter to go over until next week, or anything like that. If the minister will say that he will arrange to have supply moved tomorrow afternoon I shall be very happy to let the matter stand.

Mr. J. H. HARRIS (Danforth): Just before the minister replies, perhaps I may be permitted to make one or two observations. In the first place, I am a little stunned by the suggestion of the minister that the hon. member for Hastings-Peterborough (Mr. White) might show a little more chivalry. I say to you, sir, and, through you, to the members of this house, that no other individual in this chamber during the last twenty years has exuded as much chivalry as seems to flow from the hon. member who has just taken his seat. As one who does not intervene very often in the debates in this house, I am sorry my hon. and good friend the minister should have let slip that suggestion.

In the meantime, what is a day? Speaking as an ordinary member of this House of Commons, I quite appreciate why the Minister of Veterans Affairs (Mr. Mackenzie) and the other members of the privy council are absent tonight. They have a right to be absent; they should be where they are, and I am sorry the minister finds it necessary to remain here to represent the government. I am sorry he is charged with the responsibility of trying to get a couple more departments into supply. The function being held elsewhere this evening has the commendation and endorsation of the entire membership of this house and the populace of the Dominion of Canada, but at the same time I hold this reservation. For the sake of a miserable little period of twenty-four hours the government of the day should not seek to force this house to deal with the matter of these additional departments. So I plead for the house to give consideration to the position of the hon. member for Hastings-Peterborough, who, though I suppose not shut off summarily, nevertheless was definitely prevented from introducing a matter which to him was of great moment; more so, perhaps, than to the member for Danforth, because the hon. gentleman knew what he was introducing, he knew the boys on whose behalf he was making the plea, and he had fought with them overseas, which was not the privilege of some of the rest of us.

With respect to all the considerations bound up in this particular question, I ask, through the representative of the government tonight, that he just give us another twenty-four hours, and we will bring the matter in, in an orderly fashion, without any disruption of routine in the carrying on of the business of parliament. Today one of the highest honours has been paid to this nation of only 12,000,000 people by the representative of perhaps 120,000,000 people. So, skip it for twenty-four hours; and, to use the language of the street, let us get on with the government's business tonight.

Mr. MARTIN: I am sure the hon. member to whom I directed my remarks in the first instance did not misunderstand the suggestion I made, and it was because I knew him so well that I felt at liberty to make that suggestion. Since the minister of the department concerned is not in his seat, I do suggest that my original request be acceded to, and I will undertake to make arrangements so that the hon. member will be given sometime in the course of the next few days an opportunity to raise his question.

Mr. WHITE (Hastings-Peterborough): I thank the minister, but I do not like the last few words he used—"the next few days". I ask the minister if he will just state that he

will call supply either tomorrow afternoon or at eight o'clock tomorrow night, and I shall be happy to accede to his request. But if the minister wants to leave it to some time in the next two or three days, then I regret saying that I would have to go on. If he will say that an opportunity will be permitted tomorrow afternoon or tomorrow night, that will be all right. I do not think I am being a bit unfair.

Mr. MARTIN: I will undertake that, for either tomorrow night or the next night.

Some hon. MEMBERS: No.

Mr. MARTIN: I do not know what the plans of the house are for Thursday. But the hon. member's original request was that it be within two days.

Mr. WHITE (Hastings-Peterborough): No, my request was that we have it tomorrow.

Mr. MARTIN: I will undertake to do my best for tomorrow night and, if not tomorrow night, then the next day. I want to be absolutely fair.

Mr. WHITE (Hastings-Peterborough): I am not being difficult with the minister, but he can easily arrange to have it tomorrow afternoon or tomorrow evening.

Mr. MacNICOL: The minister knows about Thursday.

Mr. MARTIN: I was wrong about Thursday. There is no supply on Thursday.

Mr. MacNICOL: Then, what is the minister deciding to do—to allow the hon. member to go on tomorrow some time?

Mr. MARTIN: Yes, I will do my very best. I wish to be fair with the house. I dislike undertaking something I cannot live up to, but I undertake that he will be given a chance tomorrow night.

Mr. WHITE (Hastings-Peterborough): As I understand the rules, on going into supply on Thursdays and Fridays there is no motion.

Mr. MARTIN: Yes, that is right.

Mr. WHITE (Hastings-Peterborough): But I am perfectly satisfied with what has been said.

UNEMPLOYMENT SITUATION IN MARITIME PROVINCES

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I am glad that matter is settled. Now the minister has another one on his hands. Before you leave the Chair, Mr. Speaker, I intend to discuss a matter which I consider is of urgent importance to the people I represent in the house. It means bread and butter to them.

I listened to the minister's request of the hon. member for Hastings-Peterborough (Mr. White), and there is no minister I would rather oblige than the one who has just spoken.

Mr. MARTIN: Thanks for those kind words.

Mr. GILLIS: Nevertheless I do not consider the request he made of the hon. member for Hastings-Peterborough was a valid one. The fact that many of the cabinet ministers are out of the house is immaterial. All of them can read. Tomorrow they can read what took place in the house tonight and, in their absence, they can do something about the subject matter discussed. I am not criticizing them for being where they are this evening; it is their duty.

If there were any possibility within the next couple of weeks of discussing the matter I am now going to discuss—and I shall be as brief as I can—I would not be raising the matter at this time. However, there is not.

Mr. MARTIN: Mr. Speaker, in view of the attitude I have taken, and in fairness to the hon. member for Hastings-Peterborough, if the hon. member who is now speaking persists in going on I do not see how the house can refuse to hear what the hon. member for Hastings-Peterborough has to say. In fairness, it must be said that he took the initiative in the matter.

Mr. GILLIS: Well, Mr. Speaker, that matter has already been settled. The minister and the hon. member for Hastings-Peterborough have already come to an understanding. The hon. member agreed to let his problem stand until such time as the appropriate minister is in his seat, and supply is to be called to suit his convenience. Then the hon. member took his seat.

I do not consider I am violating any of the rules of the house in raising the problem I am now about to discuss.

Mr. MARTIN: I do not wish to be unduly persistent, either; but in view of the request I make of the hon. member for Hastings-Peterborough, I am sure the hon. member for Cape Breton South will agree that I should make the same request of him. He will have the same chance tomorrow night to make the observations he now has in mind. They would be made with the ministerial benches filled, and with the responsible minister in his seat. In view of the circumstances, and of the engagement of my colleagues, I think my request is not an unreasonable one. And, knowing the hon. member as I do, I have no hesitation in asking him to accede to it.

Mr. GILLIS: Mr. Speaker, as I stated when I first rose in my place, there is no minister in the house I would rather oblige. However, under the circumstances the matter I am about to discuss is a serious one.

Mr. MacNICOL: On a point of order; if the hon. member is going to make a speech on any subject on going into supply, then surely the hon. member for Hastings-Peterborough, who has taken his seat, should have the right to go ahead, as the minister has suggested.

Mr. DEPUTY SPEAKER: The minister has made a request of the hon. member for Cape Breton South. The hon. member has not yet stated whether he is prepared to allow the matter he has in mind to stand over until a future time. He should now be given an opportunity to state his position.

Mr. GILLIS: Mr. Speaker, we are wasting a good deal of time. It is my intention to proceed with the subject matter I am about to discuss.

Mr. DEPUTY SPEAKER: On the point of order raised by the hon. member for Davenport; I understand that the hon. member for Hastings-Peterborough entered into an agreement on the understanding that we would immediately go into supply. If we are not going into supply immediately, then he should be given an opportunity to make his representations now.

Mr. MacINNIS: On the point of order; the arrangement made between the hon. member for Hastings-Peterborough and the minister was a personal one and, if the hon. member for Hastings-Peterborough has given way, it is not binding upon the rest of the members. He gave way on the understanding that the motion to go into supply would be made tomorrow.

I am not suggesting that the hon. member for Cape Breton South should or should not give way. But it has no bearing on the other matter which has already been settled.

Mr. MARTIN: Well, Mr. Speaker, what the hon. member has just said is true, technically. But I take it that, as leader of the house for the moment, I was expressing what seemed to be the consensus of the house generally when I made the arrangement with the hon. member for Hastings-Peterborough. The hon. gentleman is known by everyone in all quarters of the house as being extremely fair-minded, and I say that in all sincerity. I know he will recognize and appreciate the position of the hon. member for Hastings-Peterborough. I say to him that, in view of the fact that the ministers are, in line of duty, inevitably outside the house, my request is not an unreasonable one, particularly when an opportunity will be given tomorrow to deal with the important matter the hon. gentleman says he has in his mind. I again ask him as one who will understand the reasonableness of my request.

Mr. GILLIS: The hon. member for Hastings-Peterborough wishes to discuss a matter which pertains to only one department and it is reasonable to ask that the minister of that department should be here. The matter which I am going to discuss has to do with government policy as applied to the section of the country which I represent in this house. Whether there are one, two or half a dozen ministers here is immaterial. This matter has been outstanding for some considerable time and apparently no effort has been made to adjust it. It is a grievance which will not take me very long to state; I think it is important enough to be stated at this time and I intend to proceed.

Mr. MacNICOL: On a point of order.

Mr. GILLIS: Have I the floor?

Mr. DEPUTY SPEAKER: The hon. member for Davenport has risen on a point of order, but I think the hon. member for Cape Breton South should be allowed first to state his position. I do not want the hon. member for Cape Breton South to discuss his grievance; I want him just to state his position.

Mr. GILLIS: You mean as to whether or not I intend to proceed?

Mr. DEPUTY SPEAKER: Yes.

Mr. GILLIS: It is my intention to observe the rules of the house and proceed with my discussion.

Mr. DEPUTY SPEAKER: The hon. member for Davenport was raising a point of order.

Mr. MacNICOL: My own opinion is that, under the circumstances, the request made by the minister was fair and the acceptance of that request by the hon. member for Hastings-Peterborough showed a chivalrous spirit on his part. If the debate is to go on, to save the minister being charged tomorrow with not having the debate go on I think the hon. member for Hastings-Peterborough should precede the hon. member for Cape Breton South. The hon. member for Hastings-Peterborough gave up the floor on the suggestion of the minister and we all felt that

the minister's request should be acceded to. I am going to insist that the hon. member for Hastings-Peterborough go ahead.

Mr. WHITE (Hastings-Peterborough): On a point of order—

Mr. GILLIS: Have I the floor or not?

Mr. DEPUTY SPEAKER: The hon. member for Hastings-Peterborough is speaking on a point of order.

Mr. WHITE (Hastings-Peterborough): I feel that the arrangement agreed to between the minister and myself was a reasonable one and I was happy to agree to it. Under the circumstances, I would not care to proceed tonight.

Mr. MARTIN: I thank my hon. friend.

Mr. GILLIS: Mr. Speaker, I am sorry that I am not able to oblige the minister, but I also have responsibilities in this house.

Some hon. MEMBERS: Oh, oh.

Mr. GILLIS: I have responsibilities even if some members across the way have not.

An hon. MEMBER: Make it snappy.

Mr. GILLIS: I am referring to those hon. members who interrupt when someone is trying to talk.

An hon. MEMBER: Go ahead; talk.

Mr. GILLIS: At least they should have sufficient courtesy to keep quiet.

As I stated at the outset, the matter I wish to discuss tonight affects the people of the maritime provinces generally and Nova Scotia in particular. There are over 30,000 unemployed in the maritime provinces and perhaps some 17,000 of those are in Nova Scotia. A large percentage of the unemployed in the maritime provinces are service personnel of this war. From present indications it would appear that there is no government policy or policy on the part of free enterprise to create anything in the way of employment in any one of those provinces.

In addition, the old relief measures which prevailed prior to the war are not in existence, and those service personnel who do not come under the out-of-work benefits or those who have run beyond the statutory provisions of the Unemployment Insurance Act have no relief whatsoever. On two occasions in this house I suggested to the Minister of Veterans Affairs (Mr. Mackenzie) that the out-of-work benefits for service personnel should be extended until such time as they can be gainfully employed. That was some time ago, but no extension has been made and there is no indication from the government that an extension will be made. Second, I suggested on two or three occasions that the Unemployment Insurance Act should be expanded to provide unemployment relief, if you must call it that, for able-bodied workers who cannot secure employment in any part of Canada. There has been no indication on the part of the government as to whether that will be done.

Direct relief for the people I am discussing is thrown back into the hands of the municipalities and most municipalities across this country are not financially able to handle direct relief. There is no arrangement, either federal or provincial, to establish relief measures of any kind for the unemployed. In that respect they are worse off today than they were in the 1930's, up to the outbreak of this war, because at that time there was some system of relief. As I say, thousands of these people have run beyond the Unemployment Insurance Act and the out-of-work benefits.

The worst feature of the whole situation in the maritimes is that, while these unemployed are milling around, no plans are being made by the federal or provincial governments to give them relief, and there are no plans on the part of free enterprise, or at least none in sight, to establish secondary industries. On the other hand, people who are endeavouring to do something in that part of the country are stopped by federal regulation. I should like to give three or four examples of this.

I raised a question in the house on at least two occasions and I have written to the engineering branch of the Department of Public Works with reference to repairing an old pier at Sydney, Nova Scotia. This would cost only a few thousand dollars. There are a few people in Sydney who are prepared to establish a fish processing plant and a bait freezing plant which would service the fishermen for about thirty miles along the coast line, men who now have no harbour facilities. An expenditure of a few thousand dollars by the federal government would create new wealth through the establishment of these plants which would be set up to service the fishermen on that coast. This matter has been held in abeyance for eighteen months, and the men who were going to establish these plants have become disgusted to the point where they are not sure whether they will proceed with them.

A couple of boys got together in Sydney, Nova Scotia, about a year ago and pooled their resources, purchased a building and put some equipment in it. They made a contract with a canning factory in Ontario to supply cans.

They intended to go into the canning of pork and beans which would have meant employment for some twenty or thirty people. They have been waiting for over a year for a molasses quota. The building and equipment are standing idle; no molasses quota has yet been furnished.

A few days ago I questioned the Minister of Finance (Mr. Abbott) in the house about an established industry in New Glasgow, Nova Scotia, Topper Industries Limited. They were canning chicken. Their market was largely an export one. They were refused an export permit and had to swing over into the processing of pork and beans; but they were refused a permit to go into that business by an order in council which was passed in 1941. If you were not in that business in 1941 you cannot start a new business in that line. They are standing idle. They employed some sixty people and they are now waiting some word as to whether they may proceed.

Mr. HACKETT: That is a shame.

Mr. GILLIS: The Minister of Finance made it quite clear to the house a few days ago that no permit will be granted. These sixty people are unemployed.

On the other hand, there is a plant in Truro, Nova Scotia, which could manufacture ice-cream cones. The young man went over to the United States and studied the process of making that particular commodity. He bought equipment and invested $35,000 in it. He has been waiting for a year for his sugar quota. He cannot operate because he cannot get a sugar quota, and there is not another plant like it in the maritime provinces.

Hon. members talk about free enterprise in a free economy. Is it free? Is there any competition there? That is not control; that is dictatorship on behalf of central Ontario and Quebec manufacturers.

An hon MEMBER: That is what you want, more control.

Mr. GILLIS: That is dictatorship; that is the bureaucracy we are trying to smash.

Mr. ROSS (Souris): That is what you have been after all the time, more controls.

Mr. GILLIS: I have the answer as to why we are not allowed to process pork and beans in the maritime provinces. It is contained in a letter from a commission merchant of Sydney, Nova Scotia. He gives the reasons, but I shall not read them all. He cannot understand why the canning of pork and beans in New Glasgow cannot be proceeded with. There is no shortage of cans. The plant has 400,000 cans on hand. There is plenty of molasses and plenty of beans, but it cannot get the permit because of an order in council which was passed in 1941. When the minister telegraphed the Canadian Legion which protested against this thing he said that it would not be fair to those already established in the business. That is pretty plain language.

As I say, this letter, is from Sydney, Nova Scotia, and is dated June 6. The commission merchant says that he cannot understand why they could not go into the business in New Glasgow, but he says that the reason may be this:

> This week, Stoker-Van Camp Inc., a U.S.A. controlled company, operating in Ontario have to date this year brought into Sydney for distribution through local wholesalers 8,000 cases of Van Camp's pork and beans, not taking into consideration the thousands of cases of canned pork and beans brought into Sydney by Clarks, Heinz's, Canada Packers and Dominion and Canadian Canners Ltd., besides thousands of cases from independent small Quebec and Ontario packers, but, with the exception of small L.C.L. shipments from Lanes Ltd., Moncton, New Brunswick, none from the maritimes. The W.P.T.B. refused to allow my customer, Brennan & Company, North Sydney, Nova Scotia, to bring in a car of white beans I secured for Brennan from Gorman, Chatham, Ontario. Car was stopped at Montreal. The following week, Canada Packers, Sydney, distributed a car of white beans—

—in the same city, but they confiscated his car and put it to one side in Montreal. Every control that was exercised by this government during the war and that would protect the people of this country has been thrown out. Price controls have all gone out the window, but there have been maintained, behind the scenes, controls that protect the capitalists of this country. I am not concerned about the wealth that Canada Packers, Swift Canadian Company, or any of the rest of them have. The thing that I have always protested against is the power that they exercise behind the scenes to stop the people of this country from creating new wealth themselves. I have given four examples of it tonight which have cropped up during the last couple of months where restrictive legislation in sugar and molasses quotas, export permits and a permit to operate these little plants demonstrates the control from behind the scenes in the interests of the big packers and processors in the two central provinces to the detriment of the provinces of Nova Scotia and New Brunswick. That is why I am speaking tonight. This is important and urgent. Surely if we cannot force either the federal or the provincial governments to accept responsibility for 30,000 citizens of this country who have not the means of livelihood because of restrictions behind the scenes which prevent people who

are progressive from establishing some kind of employment in these provinces we should know about it. These people should be allowed to go ahead without restrictions from Ottawa preventing them from carrying on.

The Minister of Finance can read this tomorrow. So far as I am concerned, I intend to pursue it. I hold in my hand a clipping from Halifax. The hon. member for Halifax (Mr. Isnor) should read it. Some hon. members from Nova Scotia and New Brunswick would lead one to believe that everything is prosperous in that end of the country. When a few of us rise in our places and tell the truth about conditions as they actually exist they say that we are crying havoc and that conditions are not that bad. They are worse than they are being portrayed here. This clipping I hold in my hand is a Canadian Press dispatch. I do not think they would lie about the matter.

An hon. MEMBER: How did you vote on the control bill?

Mr. GILLIS: I voted for it. But there are no controls. The government pays lip service to controls. Hon. members to my right do not want them except where they protect Canada Packers and the other big corporations.

An hon. MEMBER: No.

Mr. GILLIS: There is no such animal as control except the kind of controls that I have described tonight.

Mr. FULTON: Who voted to retain them?

Mr. GILLIS: The Dominion Steel and Coal Company and other such companies are the people who are controlling today. You are just the little man at the end of the string who dances when they pull the other end on St. James or Bay street.

An hon. MEMBER: There is a by-election in Halifax.

Mr. GILLIS: That is too bad. This problem has existed ever since the people of the maritimes were foolish enough to relinquish control of their own end of the country and to enter into a confederation which has strangled them ever since. We have had this problem for fifty years. It is not new. All that we are asking is that there be restored to us some of the things that were taken from us, lifted out and the wealth siphoned off.

This clipping from Halifax paints a pretty bad picture in that city. It was not written by the C.C.F. or the trade unions.

An hon. MEMBER: You want a preferred control.

Mr. GILLIS: The Canadian Press dispatch is dated June 5. I shall not read the top part of it because it is too bad. But it says:

"Things are bad in Halifax and they are going to be worse," said J. J. Kelly, civic welfare inspector. "I hate to think of what is going to happen to many people next winter."

Doctor A. R. Morton, public health and welfare commissioner, agreed that "it's going to be bad next fall."

Most pessimistic note was sounded by Miss Helen Burgess, family welfare bureau secretary. "The conditions today," she said, "are like the early days of the depression. Even those drawing unemployment insurances and family allowances are not getting enough."

Officials of the unemployment insurance commission told reporters that of the 2,590 unemployed males here, "about 30 per cent" were not drawing out-of-work benefits although some were entitled to do so. Insurance is paid for a maximum of one year and applicants must meet certain requirements to qualify for it.

The city has no programme of direct relief similar to that followed in the 30's, and Mayor J. E. Ahern said no such scheme was planned. "I hope that will never have to come again," he added. "Work is what the people want—not relief."

I agree with that. But when no work is available and apparently no one is making any effort to create employment, relief of some kind is necessary. People cannot stay on the roadside and starve. The article goes on:

Miss Burgess said the family welfare bureau, which handles most of the needy family cases from a fund contributed by the community chest and the city of Halifax, has been able to look after only the most destitute cases.

My main object in rising tonight was to focus attention on the fact that people in Nova Scotia who are willing to go ahead and do something for themselves are being prevented by Ottawa, and the examples I have cited I have brought to the attention of the house and the government so that at least the restrictions may be removed which prevent people from creating work.

Before I conclude, I am going to make a few recommendations. First, I recommend that the industrial development bank should at least open an office in Nova Scotia. The industrial development bank was created, as I understood the discussion in the house at the time, for the purpose of going into the field in the post-war period and helping to create secondary industries throughout Canada. It has not performed that function, and the interpretation that I received today of the functions of the industrial development bank is that it will not assist in the establishment of new industry; that it will assist in the expansion of industry established at present. But the industries that are established today do not need assistance. Most of them

are large, and if they wish to expand they can very well use their excess profits tax which was refunded to them. That is why it was refunded. At least that was the reason given for refunding it.

An hon. MEMBER: When was it refunded?

Mr. GILLIS: They have got it all back by this time.

The purpose of the industrial development bank was stated at its inception to be to give assistance to a person or group of people who had some capital and could meet the regulations for the purpose of developing secondary industries in the province where it was not profitable for Canada Packers and other large firms to go.

Second, I recommend that the government should give consideration to extending the out-of-work benefits to service personnel until such time as they are able to secure employment. We owe them at least that much.

Third, I recommend that the government give consideration to extending unemployment insurance to care for people who are unemployed and seeking employment and are able to work until such time as employment can be found for them.

I am going to suggest to the Minister of Finance that he reconsider the decision made by his department and relayed by himself to the Canadian Legion of New Glasgow and that a permit be granted to Topper Industries Limited to can beans for sale, so that they may be able to put back to work sixty people who are now out of work because Topper Industries Limited cannot get a permit.

I am also going to recommend that Maclean Brothers, who have made an investment in a small plant at Sydney, Nova Scotia, be granted a molasses quota, so that they can put that plant in operation. I also recommend that the ice-cream plant at Truro—I am not going to give names—should be given a sugar quota, so that they may put their $35,000 investment in that little plant to work.

If these things were done it would be an indication to these communities that the federal government was at least interested in them to the point of permitting them to do something for themselves.

Fourth, I suggest to the Minister of Public Works (Mr. Fournier) that he put an appropriation in the supplementary estimates this session to repair that old pier at New Victoria on Cape Breton island, so that the fish processing and bait freezing plant can get into operation and service the fishermen on that thirty-five mile coast.

It was not easy for me tonight, Mr. Speaker, to hinder my very good friend the Minister of National Health and Welfare (Mr. Martin) from going on with his estimates, but these matters I have raised are urgent. They mean bread and butter to the people I represent in this house. I hope that the ministers who are away on other duties tonight will read my remarks, pay attention to them and endeavour to alleviate the sore spots that I have enumerated tonight.

Mr. A. J. BROOKS (Royal): Mr. Speaker, the problem which the hon. member for Cape Breton South (Mr. Gillis) has brought before the house tonight is not a new one. It has been discussed in this house many times during the present session. As he stated, it is as old as confederation, at least eighty years old anyway. The solutions which my hon. friend has suggested are only temporary. He recommended that a few small factories in Nova Scotia be granted certain quotas of molasses and sugar and so forth, and as I sat here I could not avoid realizing that only about seven or eight hundred people out of about 35,000 seeking work could find employment through the solutions he suggested. It is a big problem and one with which this House of Commons must deal at some time.

We in the maritime provinces feel that we have not received proper treatment for a great many years. The unemployment we are suffering today is the accumulated result of federal policies of the past, and more particularly the policies which this government followed during the last war. We in the maritime provinces situated near the coast were in a favoured position during the war for the supplying of munitions for overseas, and we thought factories would be established in those provinces to produce the munitions for our armies overseas. But that did not happen. My own province of New Brunswick received less than one-half of one per cent of the munitions production in all Canada, although we have a population of nearly 500,000 as compared with 12,000,000 for the whole dominion. So what we are experiencing today is mainly the result of the neglect we have received in the past.

There is not much unemployment in the province of Quebec and very little in Ontario, for the simple reason that the large factories established there with the assistance of the government for the production of munitions during the war are today producing civilian goods. Had the same policy been adopted in our maritime provinces, we would not be in the position we are in today. The hon. member for Cape Breton South (Mr. Gillis) recom-

mends that our people receive out-of-work benefits. He went on to say—and I think rightly so—that the people of the maritimes do not want charity. It is not out-of-work benefits that we desire. It is work that we want and it is work that we should receive. The hon. member appealed to the Minister of Public Works (Mr. Fournier). I realize, as I am sure does every other hon. member, that it is not possible to build industries in a few days or a few months. Our unemployment is a thing of the present; and you cannot go along and, by a wave of the hand, establish a factory here and another one there. We must have something else. I hope this government will realize that factories and secondary industries must be developed. We have the common sense to know that these industries and factories cannot be established overnight. In the present unemployment situation in the maritime provinces, what I suggest to the government is that there be voted by this parliament money with which to start public works. An eloquent appeal was made to this house not so long ago for the commencement of the Chignecto canal between New Brunswick and Nova Scotia. This would give work to many thousands of people, and is something which would be of everlasting benefit to those small provinces down by the sea.

In my own province of New Brunswick we have no national park, and we are the only province in the Dominion of Canada without one. We are told that the tourist industry is one of the greatest industries that can be developed in Canada. I would ask this house or anyone who has visited the maritime provinces if there is any finer part of this Canada of ours, for the purpose of development of the tourist trade. I do not think there is any finer place than along the Saint John river. But we have no national park there. I am not blaming the federal government for this deficiency as much as I blame our own provincial government, because when national parks were established in Nova Scotia and Prince Edward Island, New Brunswick could have had a national park if the provincial government at that time had not been so small that they fought over the site of the national park and did not select the one which the federal government had recommended.

This is a situation which the hon. member for Cape Breton South thought was so urgent that it could not wait for even a day. Well, we have waited now for eighty years, and perhaps one day more would not have made a great deal of difference. I hope the government will consider the seriousness of the present situation. We have had a strike in Nova Scotia and New Brunswick.

Mr. GILLIS: And still have it.

Mr. BROOKS: And we still have it. Perhaps the fault is not all on one side; I do not know. I have heard it said that there are 13,000 men or more out on strike, and that they account for possibly 13,000 or 15,000 of the 30,000 unemployed in those provinces. The men want to work, but for some reason—I am not here to judge what it was—it was a case of "on again, off again, Finnigan"; work one day and not work the next. There may have been some fault there, but it is a sad commentary on the industry of this country and on the labour regulations of the government when men can go to work one day and then, because of a dispute over some matter which certainly could have been settled, not go to work the next. If there is any common sense at all in industry and labour, surely this small matter could have been settled and these men could have gone back to work or could have remained at work.

Mr. GILLIS: There were fifty-eight points at issue.

Mr. BROOKS: Yes, and I suppose you could make fifty-eight more. I am not blaming labour. I am not blaming industry. Probably there was fault on both sides and both should be blamed. However, it is the children and the wives who are suffering. As I say, 15,000 of this 30,000 are possibly responsible for half of the unemployment in our provinces. In my own constituency there are 700 to 800 men out of employment in the mines. Not one of those men wanted to go on strike.

Mr. GILLIS: They are back to work.

Mr. BROOKS: Yes, they are back to work today. But if these men had been left to themselves, if they had been allowed to form their own union and not the tail-end of the union at Glace Bay in Nova Scotia—

Mr. GILLIS: Mr. Chairman, I know the hon. member did not want to be unfair—

Mr. BROOKS: Not at all.

Mr. GILLIS: —but he has certainly demonstrated that he is uninformed. The miners were an independent union for years. When they came in with the mine workers of Nova Scotia they voted on the matter. It was a democratic vote, and they voted themselves into that union.

Mr. BROOKS: Well, I will admit that my hon. friend is better informed than I am on

labour matters. He has been a member of a labour union. I am only taking the word of the men whom I have consulted in my own constituency and the word of the operators. The operators and the miners in Minto have always got along well together. I have been told—and I believe it—that if the union at Minto had not been connected with the union in Nova Scotia, there would not have been any strike in New Brunswick. However, that is a matter—

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

Mr. BROOKS: Certainly.

Mr. GILLIS: Did your constituents inform you that the miners' wage rate increased by fifty per cent as compared with what it was when they came in with the mine workers of Nova Scotia?

Mr. BROOKS: No.

Mr. GILLIS: Well, it did increase by fifty per cent.

Mr. BROOKS: I am speaking about the present.

Mr. GILLIS: I am speaking about the men's wages going up by fifty per cent.

Mr. BROOKS: I think the wages of nearly all the people employed in Canada have gone up by fifty per cent, whether they are carpenters, bricklayers or whatever they may be. I believe the wages of the miners in Minto would have gone up by fifty per cent whether they had been connected with the union in Nova Scotia or not. Be that as it may, I think the hon. member for Cape Breton South and I agree on ninety per cent of the matters to which he has referred tonight. I will not agree with him that the mines and everything else should be nationalized, and that private enterprise should be done away with. Private enterprise has built up this country, and I have great faith in private enterprise. If the government takes a friendly view of our situation in the maritimes, these matters can be corrected in the future.

Mr. GORDON B. ISNOR (Halifax): I had no thought of entering into the debate this evening, Mr. Speaker. It is only as a result of perhaps two remarks made by the hon. member for Cape Breton South (Mr. Gillis), that I am on my feet now. One remark was, "Any member who wants to tell the truth"; and the hon. member for Cape Breton South would almost lead the members of this house, as well as the people of the country at large —particularly those residing in the maritime provinces—to believe that he was the only member from the maritimes who was anxious and concerned about the conditions in that section of the country. I think each and every member, irrespective of the party he represents, is interested in the welfare of the maritimes.

Mr. BENTLEY: Nobody else ever told the truth.

Mr. ISNOR: I have heard members sitting on this side of the house and in the official opposition on more than one occasion present a fine case on behalf of the maritimes. There are others, in addition to myself, on the government side who have presented a very strong case. From time to time in my own way I have endeavoured to bring forward constructive thoughts that would be helpful to Nova Scotia in particular and the maritimes as a whole. A section of the press in the extreme far end of Nova Scotia often refers to the hon. member for Cape Breton South as the only member who rises in his place and fights for Nova Scotia. I believe that is a mistaken idea, as hon. members of this house will realize. There are other members, just as sincere, sitting in every section of the house; and I say that with all due respect to the efforts of the hon. member for Cape Breton South.

What did he place before us this evening? He referred to the industrial development bank and set out, in part, the functions of that bank. As I remember, thinking back three or four years, the function of the industrial development bank was to assist any new concern to become established, or to promote expansion along certain lines; and I have yet to learn of a single case in which that bank denied an application of that kind. I wonder if the hon. member for Cape Breton South could name two definite cases coming within the provisions of that act where the industrial development bank has denied the applications.

Mr. GILLIS: Do you want me to answer that question now? Up in my office I have a list of seventeen which I got from Graham Towers.

Mr. ISNOR: The hon. member has always a long list in his office or elsewhere.

Mr. GILLIS: It is official, from the head of that bank; seventeen applications from Nova Scotia were refused.

Mr. ISNOR: I repeat that, to my knowledge, not a single application which came within the provisions of the act has been refused.

Mr. GILLIS: That is it; what are the provisions of the act?

Mr. ISNOR: The hon. member referred to the businessmen, who, he said, were not using the refundable portion of their excess profits tax to expand. As an hon. member of the opposition mentioned, they have not as yet received that refundable portion. Large numbers of men in the so-called free enterprise or incentive class are anxious to expand and are just waiting for the refunds to be made. They are ready to make use of the money as soon as it is available.

Mr. GILLIS: Poor fellows; why don't they get out-of-work benefits if they are so poor?

Mr. ISNOR: Work benefits have nothing whatever to do with the matter. That is the difference between the hon. member and myself. I sit here and listen to him try to expound what he has in mind and do not make any foolish interruptions. When I am dealing with a matter like the refundable portion of the excess profits tax the hon. member interrupts and brings in an altogether different question. If the hon. member wishes to direct an intelligent question—

Mr. GILLIS: You wouldn't understand it.

Mr. ISNOR: —I am quite prepared to take my seat and have him ask that question, if he has something to bring up of a constructive nature or something that will bring out some real information. Otherwise I would ask him to do as I try to do; that is, act the part of a gentleman. I do not say that in an unkindly way, but it is a little lesson I have more or less learned from the hon. member for Calgary West (Mr. Smith), who so often uses an expression like that to bring the rest of us back to a proper sense of proportion.

I should like to follow along the line of the statements made by the hon. member for Royal (Mr. Brooks), who said this was not a new problem. It is an old problem with us, and I admit it. We are in an awkward position in the maritimes. I am anxious to cooperate with anyone, in any part of the house, who will bring forward a solution that will help us there. We have talked over these matters time and again; but unfortunately in our section of the country it would appear almost impossible to bring about industrial development with the principal market one or two thousand miles away. Our own market is limited. Roughly speaking, we have some 600,000 people in Nova Scotia, another 500,000 in New Brunswick and perhaps 100,000 in Prince Edward Island, and that does not represent a market large enough to permit any real development. In Ontario and Quebec, on the other hand, they have a population of three and a half to four million people almost at their back doors. Naturally that brings down the cost of production to a point that we find it hard to meet in competition.

It is true that we have had some outstanding examples of industrial development in the maritimes. The hon. member for Cape Breton South referred to Halifax, and perhaps that is another reason why I am standing here saying a few words on this occasion. There we have Moirs, known from coast to coast as producers of perhaps the best chocolates made in Canada. They have made a real success of their industry. On previous occasions I have referred to Stanfield's, in the town of Truro, which has also made an outstanding success. I do not wish to repeat what I have said already about that fine firm and the manner in which they have carried on over a long period of years. Also in Halifax we have the Schwartz firm, whose products are known all over Canada. At the present time, however, they are finding it difficult, because they have to buy all their glass containers in central Canada; and the transportation charges on the containers, plus transportation charges back to market, total more than the cost of the products themselves. That is a heavy handicap under which they have to work. Then we have the Lewis firm, also in Truro, which has made a great success, whose hats and caps and ladies' hosiery are sold in every part of Canada. There is Borden's milk, and I could go on with a number of others, but they are all finding the competition very keen. I wonder if perhaps transportation charges and the lack of certain containers, such as I mentioned in connection with the Schwartz firm, do not keep these firms from progressing to a greater extent than they have been able to do up to the present time. In regard to containers, a short time ago I thought we had an opportunity to bring a glass factory into operation in Nova Scotia. I did my best to assist in bringing that about, but unfortunately it has not as yet come to pass. We are still hopeful that we may see such a factory commence operations in Nova Scotia, making bottles, jars and so on to meet our requirements in that respect. We still have some shoe factories in the maritimes; very good shoes are made in Fredericton.

Mr. BROOKS: The Hartt is the best shoe made in Canada.

Mr. ISNOR: Again I agree with my hon. friend, that they make among the best shoes sold in Canada.

Mr. BROWN: The manager of the Hartt Shoe Company is from Windsor, Ontario.

Mr. CASE: Windsor; where is that? It begins with "wind" and ends with "sor".

Mr. ISNOR: I have no objection to the maritime provinces making use of some good products from Ontario, even if it includes the manager of a factory.

Then, we have clothing firms in Nova Scotia which formerly sold "A.P.H." trousers right through to Vancouver, and are still doing a good business. So I say things are not too bad. While they are not as good as we would like them to be, certainly they are not in such a blue and depressed condition as the hon. member for Cape Breton South would have us believe. I have been in business for many long years, and I have never found it helpful to talk about the rainy days and poor business. Rather I look upon the good days. And when I come in after a good day I say to my clerks, "I congratulate you; that was a worth-while day you had yesterday. Just see if you can do better tomorrow." We have kept on building and building, not with over-optimism but always with an optimistic view of things. I feel, if the hon. member for Cape Breton South would join some of the other members from Nova Scotia and the other maritime provinces, and do a little more boosting and less knocking, it would be better.

Mr. GILLIS: Before the hon. member sits down—and I think he is going to sit down soon—

Mr. ISNOR: No.

Mr. GILLIS: —would he answer a question?

An hon. MEMBER: If it is a sensible one.

Mr. ISNOR: Go ahead and ask it.

Mr. GILLIS: I raised four points tonight, and asked for four small plants and factories which are waiting to operate down there.

Mr. ISNOR: I thought the hon. member was going to ask a question. He is starting to enumerate some points.

Mr. GILLIS: Is the hon. member in favour of granting the quotas and the necessary permits to get those four small plants operating?

An hon. MEMBER: No.

Mr. ISNOR: Who said, "No"?

Mr. GILLIS: Are you trying to say there is no need for them?

[Mr. Brooks.]

Mr. ISNOR: I will answer that myself, and it will not be no. You cannot put me in that position. I am just as anxious as the hon. member for Cape Breton South to do what he has suggested, except that I want to see it done in a proper way.

Mr. GILLIS: We have been waiting for a year and a half.

Mr. ISNOR: The other day the hon. member made quite a case about pork and beans, and he used the chicken tin or can as an illustration. I think it is recognized by the trade throughout the whole of Canada that it is not economically sound, that it is not good business, and that one cannot possibly build for the future on the basis of a seven-ounce tin or can.

Mr. GILLIS: That is free enterprise.

Mr. ISNOR: I believe that is recognized, and it is because of that they use the twenty-ounce can. Inexperienced as he is, the hon. member for Cape Breton South must at least take that for granted, because that is a reason given by the trade, and a well-established practice. We were in somewhat the same position in Halifax, although in some respects it was more favourable, so far as beans are concerned. Some years ago one of our large concerns had to go out of business because they were unable to procure tins. But of course they would not have used those small seven-ounce tins, even if they could have procured them. It would not have been sound business to do so.

The hon. member asked whether I am in favour of Maclean Brothers case for an extra sugar quota. One must consider the necessity of taking sugar away from consumers who want their full quota. The decision had to be made as to whether Maclean Brothers should have a larger quota of sugar, or more than someone else who was serving the public, thereby taking the quota away from the individual consumer and giving it to Maclean Brothers. Surely it is a matter of judgment. If they could have been given more sugar, without its being taken away from others, then I would have been with the hon. member in advocating that Maclean Brothers be given the quota to allow them to proceed.

The second case to which the hon. member referred was somewhat similar, having to do with a sugar quota.

Mr. GILLIS: It was molasses in one instance and sugar in another.

Mr. ISNOR: They are both on quota. The hon. member is in favour of controls, and I am in favour of a certain degree of controls, as has been stated this evening. I was in favour

of controls during the period of the war, but I feel that, for the general good of trade as well as that of the consuming public, a gradual removal of controls is a good thing for this country.

With respect to public projects, I do not know just how those projects are going to serve the people in the future. They are, of course, temporary measures. Anything that will help the fishermen of Nova Scotia, such as the building of wharves and breakwaters, and anything which will permit them to carry on their industry to a greater extent, would have my full support. That was about the only constructive suggestion the hon. member advanced this evening.

In closing, let me say in all sincerity that sometimes we in the maritimes feel we are forgotten by the rest of Canada. I do not know whether the solution is additional freight rates subsidies—and I do not like the word "subsidies"—or a regional tariff which would permit us to export or to ship to central Canada, and put us on a more equal footing with manufacturers in central Canada. Perhaps we should be given special benefits in the matter of exports.

When I refer to exports I am reminded that the hon. member for Royal (Mr. Brooks), the hon. member for Queens-Lunenburg (Mr. Winters), with myself and other hon. members on this side of the house advocated a greater quota of lumber for the maritime provinces. I am happy to say that that quota has been increased to a marked extent because, I believe, of the efforts of hon. members from the maritime provinces. The minister in charge recognized the need, and the fact that the suggestions we advanced were those which would be helpful to our section of the country, with the result that we have been allocated an additional 50,000,000 feet for export purposes. After all, our export business is very important to us. Sixty per cent of lumber in the maritimes is exported, and it is that market we want to hold, encourage and enlarge when we fight for a greater quota.

The hon. member for Royal mentioned the Saint John river. I agree that it is a beautiful river. However I cannot take my seat without referring to the fact that in Nova Scotia we have one of the finest national parks in the whole of Canada, and the well known Cabot trail is known everywhere.

Then in the county of Halifax we have Peggy's Cove, one of the most painted spots on the continent. It attracts a large number of United States artists who come every year. At the present time the Nova Scotia government is embarking upon an extensive road building programme and is developing the tourist business.

An hon. MEMBER: Do not forget the Annapolis valley.

Mr. ISNOR: Then the hon. member for Cape Breton South questioned the hon member for Royal in regard to wage increases. When the wage control was taken off on November 8, 1946, there was practically an immediate general increase of wages in the retail stores, without any efforts on the part of the retail clerks or any one else. That was free enterprise. I agree with the hon. member for Royal that free enterprise has done a good job in this country, has built in the past and is building for the future.

Mr. R. H. WINTERS (Queens-Lunenburg): Mr. Speaker, I should like to say a few words in view of the fact that this particular subject has been raised. Of course there is much in what the hon. member for Cape Breton South (Mr. Gillis) has said, although as usual he spoke in an unduly pessimistic manner. He knows as well as anyone else that he is at a particular disadvantage because he is the only member of his party east of Winnipeg. He seems to think that if the Liberal members from Nova Scotia banded together they could do more, but he is well aware that he does not know the extent to which we can and do work together on this side of the house and obtain benefits of which he knows nothing.

Mr. KNOWLES: Nobody ever hears of them.

Mr. ROSS (Souris): Why not tell the people about them?

Mr. WINTERS: It is always more effective for opposition members to talk about things one cannot get than about the things which are obtained day in and day out.

The hon. member for Cape Breton South always uses the round figure of 30,000 when talking about the unemployed in the maritime provinces, but the actual figures show that at the end of April there were 13,779 people, made up of 11,585 males and 2,194 females, receiving unemployment insurance benefits That is considerably short of 30,000.

Mr. GILLIS: The rest are not obtaining unemployment insurance; they have run out.

Mr. WINTERS: There is a growing feeling in the maritimes that something constructive can be done. The hon. member for Halifax (Mr. Isnor) reflected the spirit of optimism which many of us feel. We showed in full

measure during the war what we can do when given the opportunity. Many industries grew where there were facilities to support them. The population was swollen because of these wartime industries, and in the light of all the factors I think the employment situation, though serious, is remarkably good. Certainly it does not compare with the gloomy picture which our C.C.F. friends have painted since long before the war ended. There is in some quarters a complex going back to the days of confederation. There are those people who say that we suffered because of confederation. Many people are beginning to feel that it is more an imagined than a factual consideration. It is true that Nova Scotia is at a disadvantage; we all admit that. We are at the end of a long, slow rail haul and distance makes it difficult to put our products on the central Canadian market. However, there is a trend toward small industry in Nova Scotia. I think it is most unfair to those people who are really trying to do something in the maritimes to have this picture of gloom painted time after time in this house and publicized across the country to give the impression that nobody is trying to do anything. Actually a great deal of good work is being done day in and day out.

Mr. GILLIS: They are not permitted to do anything.

Mr. WINTERS: The hon. member for Cape Breton South sits in his seat and smiles when I say that a great deal of good work is being done and I think he does not believe that. Probably he does not believe that in my constituency there is a great resurgence in the spirit of the people. They have settled down to business. Many undertakings have been started in Nova Scotia through private enterprise. In other instances, substantial businesses have been started with government assistance. Hon. members know what has been done in the way of cold storage plants in the Annapolis valley which were established by a combination of government assistance and private enterprise. Cold storage plants for the fishing industry have also been set up. As we all know, the fishing industry is in a critical position at the moment because of the grave danger of oversupply. Inventories are high. I think, if the plant had been established on the wharf which the hon. member for Cape Breton South talks about, the difficulties in that particular field would still not be overcome.

In connection with public works, I think anyone who examines the estimates for this year will say that Nova Scotia has not fared too badly. I can see no grounds for saying that this government has not cooperated in the interests of Nova Scotia. The hon. member for Cape Breton South is not in position to know all this government has done, because of his predicament as a lone member of his party. There is a great deal to be done in Nova Scotia; we all acknowledge that. There is that important project which my hon. friend speaks of so often—the causeway across the strait of Canso. That is something we all want to see go forward because it would create employment and result in lasting benefits. The hon. member for Royal (Mr. Brooks) said he did not believe that the type of solution advocated by the hon. member for Cape Breton South would be the lasting answer to the problem and, generally speaking, that is true. We will not accept temporary solutions when we can have more in the way of permanency.

A causeway across the strait of Canso would provide an economic channel between Cape Breton and Nova Scotia to central Canada, and we are all in favour of it for that reason.

I do not intend to make any extended remarks at this time; I simply wanted to dispel some of the feeling of gloom which the hon. member for Cape Breton South so constantly sheds over this house. Every hon. member, whether he is from Nova Scotia or elsewhere, knows that the situation is serious, but there is no lack of cooperation. If we look at the bright side of this problem and fight it together we shall come out on the winning side.

Mr. W. GARFIELD CASE (Grey North): Mr. Speaker, it was my privilege last fall to visit the maritimes for the first time, and I feel I would be remiss in my appreciation of those great provinces if I did not put in a little plug for them at this time. I want to follow along the lines advocated by the hon. member for Halifax (Mr. Isnor), the hon. member for Queens-Lunenburg (Mr. Winters) and the hon. member for Royal (Mr. Brooks). I feel that anyone from the maritimes need make no apologies for their great community. We travelled through New Brunswick, on to Prince Edward Island and then through Nova Scotia.

Anyone who is privileged to visit those provinces is bound to be impressed by the wealth of resources of the people. They have a wealth of natural resources; there are timber resources, natural industries, the dairying industry, the mining industry and, above all, there is the wealth they have in their people.

In Halifax particularly I noticed the possibilities of that great city, one of the finest harbours in the world, and that must mean something to the national life of this community. And beautiful Prince Edward Island; I always refer to it as a little spot of heaven. I do not think there is any more beautiful place on the face of the earth. But I can appreciate something of the feeling of being cut off from the rest of the community. Therefore I say to the maritimers that their greatest problem is one of transportation. As a member of one of the central provinces I would say, with all sincerity, that if we can lend a hand together to do something with respect to the equalization of freight rates and greater opportunities for the maritimes—because, after all, we owe a lot to them; they are a part of confederation; they are entitled to our best consideration—we should do so in order that they may, in turn, develop their wealth of resources of which I have spoken, and I have only barely touched on them.

I shall never forget my journey through the beautiful Annapolis valley where at that time they were harvesting millions of bushels of the finest apples in the world, and on through the Saint John river valley in New Brunswick. It would be worth while if hon. members could enjoy the same opportunity to visit that which is part and parcel of our great country, the three important provinces down by the sea, that we might, in turn, have a greater appreciation of each other and of each other's problems and lend a hand so that they, too, will share in what is considered the prosperity of the central provinces.

I am not going to labour the point that they were robbed as a result of confederation, but I certainly do not feel that they got entirely a square deal. Those of us in this parliament and those of us who are interested in the welfare of this dominion from the point of view of national unity and otherwise and its general prosperity should do our best to correct these wrongs.

Why should we be paying subsidies or imposing high tariffs on certain protected products when the same might be manufactured in our own country and particularly with the ingenuity, enterprise and enthusiasm of the maritimers? I feel that much of their economy could be entrusted to themselves if they were only given a fair and square opportunity to compete with the rest of Canada.

Therefore, on this occasion, I should like to pay my warmest tribute tonight to the people whom I met in the maritimes and tell them how much I admire their great provinces and how much confidence I have in the enthusiasm and ambition of their people. I believe it is up to us, who to some extent probably enjoy more physical advantages, to share those advantages with those who may be less favoured in the other parts of our dominion and at least bring to them an opportunity to enjoy an equalization in transportation rates and an improvement in transportation facilities, so that together we may play our part, not only in the onward march of civilization, but in the future development of this country in order that national unity will become a reality and not a myth; that we together may make Canada that country which we have indicated, by words if not by deed, we believe is possible for its people. But I cannot visualize a great Canada if some parts of the country are left neglected and are not given opportunities to develop themselves according to their own abilities and to enjoy the advantages they otherwise would enjoy. I really appreciate this opportunity to pay my compliments to the members from the maritimes and particularly to the maritimers themselves, and to say that I am wholeheartedly in favour of anything that will benefit their lot within confederation.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, I have no intention of entering into this competition which was started by the hon. member for Royal (Mr. Brooks), followed by the hon. member for Halifax (Mr. Isnor), the hon. member for Queens-Lunenburg (Mr. Winters) and the hon. member for Grey North (Mr. Case) with respect to the physical aspects of the maritime provinces, the wonderful character of the men, the beauty of the women, the health of the children and all that sort of thing. I know the Annapolis valley in apple time is wonderful; I know the Bras d'Or lakes are tremendous, but I am inclined to come back to the hon. member for Cape Breton South (Mr. Gillis) and say that a lot of these things you just cannot eat and they do not buy you a great deal of clothing. Beauty is an amazing thing to a man who has a full stomach but does not taste so well to the man who is hungry. Therefore I intend to devote myself to only one aspect of this picture, namely the situation in the coal mines in the maritime provinces. What is the story? We had a strike which, according to all the newspapers—and it has never been denied—cost these miners $5 million. We of this House of Commons have been asked, and have responded in a very humble way in doing a little bit down there, but it does not even mean a drop in a very large bucket.

Then we read in the newspapers—and we were all very happy—that this strike had been settled. An increase of $1.40 a day had been granted and another probable increase on the basis of increase in tonnage in the next year. These were the facts given to us, and all the men went back to work. Then in a few days they were again out on strike. I had thought someone would ask for a statement with respect to that situation. The only information we got is that there is a difference in interpretation of the settlement agreement. I do say, with great respect, that when it comes to a matter of interpretation of an agreement arrived at between two people and a disagreement arises, any labour department that is worthy of the name could go in and give the proper interpretation and stop this nonsense which is going on in Nova Scotia at the present time. This is the second strike over an interpretation of some little clause in an agreement.

It seems to me that we are entitled to a complete and full statement as to the situation. At the moment it is no use worrying about something that cannot bring immediate results. A settlement of the strike will bring practical results, because the men will be earning money again and the basic industry of Nova Scotia, which is coal and steel—nothing else compares with it—could get going. If that cannot be done by the intervention of the labour department, may I repeat that it is of very little value. Let us get that done, let us get Nova Scotia rolling in this month of June. Then we can develop our oratory as best we may, as long as our lungs last, in describing the beauties of that excellent part of the Dominion of Canada.

Hon. PAUL MARTIN (Minister of National Health and Welfare): I am sure that we have listened with close attention to what has been said by those who have taken part in a debate which I would have preferred taking place tomorrow night or some other day. However I want to assure those who took part in the debate that I will bring it to the attention of my colleagues, the various ministers connected with several of the matters referred to by hon. gentlemen, and the government will continue to give these matters its serious and active interest.

I need only remind the house that the observations made by the hon. gentleman who has just spoken, observations that I am sure we have all noted with great interest, will be brought to the attention of the Minister of Labour (Mr. Mitchell). May I remind him that when the Minister of Labour did give his interest to this matter he acted in such a manner as to receive commendation from the hon. member for Cumberland (Mr. Black), who is unfortunately not in his seat tonight because of illness. The government is interested in this matter. It is interested in seeing that the economy of this country in all its aspects works to the point of giving to its people the opportunity of as full a life as possible. I can only say, Mr. Speaker, that these matters will be continuously and continually receiving the attention of the administration, and I trust that I may now proceed to my own estimates.

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

DEPARTMENT OF THE SECRETARY OF STATE

366. Departmental administration, $126,198.

Mr. MARTIN: Stand.

Mr. FLEMING: Mr. Chairman, this was not the arrangement at all.

Mr. MARTIN: It was arranged last Friday that we would go into two departments. The hon. member for Davenport will corroborate that.

Mr. MacNICOL: That is right.

Mr. MARTIN: As soon as we call the items in these two different departments we shall let them stand and go on with national health and welfare.

Mr. FLEMING: My point is that we should not be going into these other departments now but should be going on with national health and welfare. That was the understanding with the hon. member for Hastings-Peterborough.

Mr. MARTIN: This is no violation of that understanding. I undertook that we would go into supply again tomorrow night. The hon. member for Davenport will, I am sure, corroborate that the procedure we are following is correct.

Mr. MacNICOL: That is right.

Mr. FLEMING: What is going to happen tomorrow night? Is the minister proposing to call two new departments tomorrow night?

Mr. MARTIN: No. We shall take either agriculture or health and welfare.

Item stands.

DEPARTMENT OF TRADE AND COMMERCE

379. Departmental administration, $246,417.

Item stands.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

200. Departmental administration, $531,954.

Mr. WRIGHT: I wish to ask the minister some questions on administration as it applies to the family allowance.

Mr. MARTIN: May I suggest to the hon. gentleman that if he has any specific question relating to any particular item he might wait until the item is called. On the administration item the practice is, if any hon. gentleman wishes, to make a general statement. In the interests of economy of time and clarity and completeness of discussion, it is desirable to put questions on each item as we come to them, when I shall be glad to answer them to the best of my ability.

Mr. BLAIR: In speaking on the health and welfare estimates, I find it difficult to understand why more time is not spent on the question of health in this house. We can spend hours and days in discussing the question of defence or a potential enemy of Canada; yet disease is the greatest enemy of this country. It is constantly attacking our citizens, and the only time we have to allot to health in this parliament is a few hours when the health and welfare estimates come up. But all the time this major enemy of the people is constantly attacking them.

The most important asset of any country is its people. The only sound foundation upon which a prosperous and happy nation can be built is the good health of each of its members, and the health of the country and the health of the people should be the primary concern of the government. The ultimate objective of public health should be to bring to everyone an equal opportunity to attain physical and mental health, regardless of race or economic status. During the war years, economic conditions were, on the whole, favourable to public health. However, certain adverse factors also played their part. Public health services often had to be reduced because of shortage of personnel. Medical and nursing services were inadequate in many localities, and the expansion of public health facilities were greatly slowed down. There are six main factors necessary to a proper health programme. I shall tabulate them.

1. Government financial aid and direction.
2. Research.
3. An educational programme, in order that public support may be given to the plan.
4. Sufficient hospitals and other institutions concerned in the care of the ill.
5. Sufficient doctors, nurses, and trained assistants to carry out a health programme.
6. The amalgamation of all organizations by government authority.

Costs of medical care of all kinds have increased tremendously during the past twenty-five years, as new methods of diagnosis and treatment have been discovered. Costs of medical services are increasing, but the ability of the people to pay is not increasing. Medical science is making great strides, but the application of medical discoveries has not made progress in the treatment of all the people. It is the duty of the community and the state to care for the poor and unfortunate who are unable to seek or procure proper attendance. Unfortunately, people in the lower income brackets, who formerly were able to pay for medical attention, are no longer able to do so on account of the high and increasing costs of hospitalization and attendance. Even in the most severe illness, they cannot afford the necessities such as special nurses or hospital services. Unless an illness is acute, these people are forced to neglect chronic conditions for financial reasons. It is regrettable that children belonging to these families cannot have defects corrected at a time when such correction would be most beneficial to them. The development of good citizens in a country like Canada is of the greatest importance, since the future of the nation depends on the physical, mental and moral health of the young people.

We are entering upon a new era in the fight against disease. To be successful, it will call for unselfish leadership, the co-operation of the whole medical profession, and the interest and financial support of our citizens. All interested bodies should work together in promoting the health services we visualize. While important discoveries in treatment have been made over the past decade, yet problems such as cancer remain to be solved. Unless we find good researchers, and provide laboratories and funds for them, it will be difficult to reduce the tremendous sums spent annually on disease in this land. It will require the highest standards of scientific talent, supported by adequate facilities as well as finances. The medical research scientists of Canada are second to none, and I firmly believe that our Canadian scientists who have solved many problems in the past could, if given opportunities and financial help, find the clue to a cure for cancer.

Demands for government intervention are increasing with respect to the treatment and control of cancer. There has been a new impetus and a new hope of success in the war against this disease. It is a great misfortune that a sum of $500,000, known as the

King George V cancer fund, placed under the control of the government to advance cancer research—

Mr. MARTIN: I am sure the hon. gentleman does not mean to say it was put under the control of the government.

Mr. BLAIR: The government were the trustees of this fund.

Mr. MARTIN: No. The trustees were the Prime Minister, the Leader of the Opposition, the Chief Justice of Canada, the Minister of National Health and Welfare, one lay gentleman who represented the insurance bodies, Professor Boyd of the university of Toronto, and Doctor Dube, Dean of Medicine at the university of Montreal.

Mr. BLAIR: I stand corrected on that, but the object is the same. This fund was not used for a period of twelve years except for small amounts which were given out from it at intervals, without a really definite programme in view. The point I wish to make is that during the twelve years when this fund was not in use, approximately 156,000 people in Canada died of cancer. I am glad to say that, at long last, the trustees of this fund have awakened from their comatose condition and have come to a state of realization of the health needs of the nation.

Cancer research at the present time is very small in comparison with the casualty list caused by the disease. Although cancer is regarded as the greatest problem confronting medical research today, only a small amount of money is spent for investigation in this field in comparison with the number of cancer cases. Any attack that we make on this problem must be a long-term attack. Education must be an important factor. An educational programme should emphasize ability to procure treatment for cancer. There is no point in emphasizing correct treatment for cancer unless there are chances to obtain it. We must see to it that opportunities for early diagnosis and successful treatment are available to both the physician and the patient. Better and more extensive facilities for the treatment of cancer are required if we are to bring this terrible disease under control. Cancer is a non-contagious disease.

Approximately 15,000 people die of this disease each year in Canada. While the mortality is high, we must take into consideration the years of suffering and pain for the unfortunate patient afflicted with cancer. The real tragedy lies in the fact that at least one-third of these cancer deaths occurred because the patients themselves failed to recognize the signs and the symptoms of the disease when it was in its early stages. They did not seek medical advice in time to have successful treatment. In sharp contrast, and most encouraging, are the patients who recognized the disease early and, with the help of their family physician, were given the full benefits of surgery or radio-therapy and, as a result, continued to enjoy good health. The public should be educated to the fact that, while it is possible to obtain complete cures in the early stages where the disease is located externally on the body, yet in a large proportion of the cases the cancer is located where present-known treatment cannot effect a cure. We cannot disillusion the public mind that the only reason which has prevented treatment and research has been a matter of costs.

There is one encouraging thing in so far as cancer is concerned. I note in an article in the Toronto *Telegram* of June 2, 1947 giving the causes of deaths in the city of Toronto, that whereas cancer killed 115 persons in the month of May of this year, 148 died of cancer in May of last year. I think the average in a city of that size would keep up; and I believe there is some cause for congratulation in the fact that the number of deaths from cancer has dropped even by this small amount.

I come next to tuberculosis. It must be considered as a disease which killed one out of every four persons dying in the age group from sixteen to thirty-nine years. From September, 1939, to June 30, 1944, tuberculosis killed more Canadians in Canada than were killed in all the theatres of war. There are certain facts about tuberculosis which should be recognized. First, in the last ten years sixty per cent of the deaths from tuberculosis occurred in the most productive age group of life; that is, from twenty to forty-nine years; and over sixty per cent of all patients entering sanatoria for treatment are in this age group. Second, the average cost—and costs are important—including hospital care and loss of wages when a male wage-earner is incapacitated because of tuberculosis, has been estimated at $5,400; when a female wage-earner is incapacitated, the cost is $5,000. Third, the cost to the taxpayers for assistance to a family because of tuberculosis has been estimated at $2,800. Doctor G. C. Brink, director of the division of tuberculosis prevention in the department of health of Ontario, in an article in the *Canadian Journal of Public Health*, of January, 1946, states:

If we are to wipe out this preventable disease there must be:

(a) Adequate diagnostic facilities, which should include enough mass survey equipment,

and personnel, to make possible an X-ray film of the lungs for every citizen at least once every five years.

(b) Sufficient beds to permit prompt sanatorium treatment for every person with active tuberculosis.

(c) Adequate public health nursing services.

(d) Proper post-sanatorium care.

(e) Social services to make possible a higher standard of living in families represented by tuberculosis.

(f) Rehabilitation of the handicapped patient.

Doctor Brink further states:

If these facilities were available, the road ahead would be clear, and people in all parts of our country would be protected against tuberculosis.

The pioneering period is over. The result of a planned attack on tuberculosis needs no restating here. There is a new spirit abroad among the people in regard to what can be done to prevent disease, and they are demanding an all-out programme which should be the go-ahead signal to all governments and health departments.

One of the handicaps in dealing with tuberculosis is the general conception that the disease is now being defeated. It cannot be considered that a disease which kills nearly 6,000 people each year is under control.

Canada can be proud of the progress which has been made during the past few years in reducing the toll of infant and maternal losses. We must, however, carry on the fight to overcome these unnecessary deaths, and this can be done only through the cooperation of the medical profession, public health officials, Canadian mothers and mothers-to-be, and the public at large.

The maternal mortality rate has decreased from 4·2 per 1,000 live births in 1939 to 2·3 last year. In comparison, I give the figures of 1·8 in Denmark, 2·2 in New Zealand, 2·3 in the United States, 2·8 in England and Wales, 2·9 for the white population of the Union of South Africa, 3·1 in Scotland, and 3·3 in Australia.

In our own country the number of deaths in 1944 was 775. The reasons for the decrease in maternal mortality may be listed as: First, new treatment by penicillin and the sulfa drugs; second, the increased number of births taking place in hospitals; third, education. Better hospital facilities and a continuation of the educational programme would no doubt continue the trend downward in the mortality rates. The toll of infant and maternal losses could be still further reduced through the cooperation of government health officials and the medical profession. While Canada's infant mortality is the lowest in its history, yet it is still high in comparison with other progressive countries. It could be lower still, because today fifty-five per cent of these infant deaths occur during the first month of life. If mothers received closer supervision and more attention was given to nutrition, many of these lives could be saved. In 1945 Canada lost 3,156 babies because of prematurity. This represents thirty per cent of all infant deaths. Excellent results have been gained in the treatment and handling of premature babies, but such care is not within the reach of many mothers. The infant mortality rate in the Dominion of Canada in 1944 shows an increase in deaths from diarrhoea and interitis. The deathrate of children under one year, per 1,000 live births, for 1944 gives the following figures. For Canada as a whole the rate was fifty-five. For the provinces the rates were as follows:"

New Brunswick	77
Quebec	68
Nova Scotia	54
Manitoba	49
Saskatchewan	47
Alberta	46
Prince Edward Island	45
Ontario	43
British Columbia	40

The number of infant deaths, that is children under four years of age, was 15,511. New Brunswick had the highest rate, with seventy-seven per 1,000 and British Columbia the lowest with 40 per 1,000. Other countries in the world have attained an infant mortality rate of thirty per 1,000. This should be the objective of all the provinces of Canada. It is unbelievable that the Canadian people can view in a complacent mood the situation regarding preventable diseases. The fact that 1,500 babies died each year, in the ten-year period from 1932 to 1942, is disturbing when one considers that these deaths were due to the four major communicable diseases which cause such a high mortality in children; that is, diphtheria, scarlet fever, measles and whooping cough. In one area in Canada with a population of 1,150,000, there were 518 deaths from diphtheria from 1934 to 1943, while in another area with a population of 1,500,000 there were only forty-three deaths. Why should there be such a contrast? Why should this exist? For years we have been putting the emphasis on curative agencies rather than preventive agencies. There is an urgent necessity for immunization against these scourges of childhood, diphtheria, scarlet fever and whooping cough. These diseases are largely preventable, but they still take a toll of disability and death among Canadian children. The maximum number of cases of poliomyelitis in any one year since 1940 is 1,881, with sixty-eight deaths in 1941. This has been an average of 760 cases a year. In the same period there have been 628 deaths from whooping cough alone in a single year.

In this period there has been an average of 17,000 cases of whooping cough, 3,000 cases of diphtheria, and over 17,000 cases of scarlet fever.

We have no means of preventing the spread of poliomyelitis by immunization. There are specific means of preventing diphtheria, whooping cough and scarlet fever. A full programme of immunization could banish these diseases from the country. Immunization by diphtheria toxoid is approximately 100 per cent effective. Whooping cough vaccine protects children and causes immunity in about eighty per cent of those treated. Immunization has proven the best and most effective means of protection against communicable diseases. As an example, I point out that in Toronto there were 2,256 cases of diphtheria in 1920 with 224 deaths, while in 1940 there were none. In the countries of Europe where war has upset public health organization, diphtheria is now showing a tremendous increase. Doctor Hastings, for many years medical officer of health for the city of Toronto, has said, "Every death from diphtheria should demand a coroner's inquest." The statistics regarding the mortality of these diseases have been encouraging generally, but we must remember that the price of safety is a thorough immunization programme. Diphtheria is only slowly coming under control.

The problem of arthritis continues as a major difficulty. Very little progress has been made by research in the quest for a solution. I again remind the committee that there are approximately 600,000 sufferers from this disease in Canada alone, with some completely disabled, and others partly so. I urge that financial assistance be given the new association which has been formed to study rheumatic diseases. While arthritis is not a killer, yet it causes long periods of disability; many of these chronic sufferers occupy hospital beds for months and years, and in many instances have spent all their funds in the hope of a cure. Rheumatic fever still stands as a chief cause of chronic heart disease.

The Canadian hospital council estimates that additional hospital accommodation is required for 40,000 patients. Later, I had a return from the minister in which he set the figure at 27,000 beds. Even with that difference of 13,000 beds, there is a marked demand for additional hospital beds in Canada.

Mr. MARTIN: Is the hon. member referring to the return tabled the other day?

Mr. BLAIR: Yes. The lack of hospital accommodation is apparent to any person who has tried to obtain a room in a hospital during the last few years. In an attempt to cut down on overhead expenses, hospitals have found it necessary to reduce their staffs, and the nurses are overworked. Unless patients can afford special nurses, often they do not receive sufficient attention. It is estimated that in all branches of the nursing service the shortage of professional nursing personnel now stands at 8,700. Of these, 7,000 are needed for all types of hospitals; 1,200 are needed for private duty, and 500 are needed for public health.

In regard to the question of beds, I quote from an article which appeared in the *Globe and Mail* of May 27. It is a dispatch from Niagara Falls; and this is the common thing we hear all over Canada in regard to hospitals:

> Niagara Falls, May 27. Major Robert Buckner, business manager, told the Niagara Falls hospital trust tonight that the women's ward in the new wing has been closed for lack of nurses. "It may be necessary to close the men's ward in the new wing," he added.

The shortage of nurses today is due to the fact that the rate of increase in the number of nurses graduating has not kept up with the rate of increase in the demand for additional nursing service. The rate of admission to hospitals, according to the population throughout Canada, has greatly increased over the pre-war rate. In Ontario hospitals, the admission rate is more than sixty per cent higher than in 1931. In the event of an epidemic such as influenza, our position in Canada would be hazardous. We must remember that in the influenza epidemic of 1918 we lost 30,000 people in the Dominion of Canada. This is something we simply could not cope with at the present time.

Environment, especially during childhood, is a requisite of health. Unsanitary houses providing poor shelter are conducive neither to health nor to good citizenship. The ratio of sickness is higher in the slums than where the people are well housed.

There are widely different standards of health between one province and another. Under section 91 of the British North America Act, the health of the people is the individual responsibility of each province. There is an inequality in various fields such as public health or tuberculosis control as between provinces, and as between urban and rural areas of provinces. At this time it would be impossible to tabulate all the requirements of an adequate public health program for the dominion. I hope I shall not be accused of advocating expenditures. I do not think there is one

member in the house who would consider it an extravagance to spend money where human life is at stake or for the relief of suffering.

I have discussed the necessity for research and the lowering of the mortality rate in cancer, preventable diseases, maternal and infant mortality, and tuberculosis. I have drawn attention to the serious shortage of hospital beds and trained personnel. Again I refer to the fact that the cost of sickness is becoming beyond the means of many people. The solution of these urgent health problems is, therefore, an adjustment among all the provinces and the dominion. The two largest provinces have not yet reached an agreement, although the premiers of those provinces have requested another dominion-provincial conference.

In view of the situation I have described regarding the over-all health picture in the dominion, the Minister of National Health and Welfare (Mr. Martin) should be the first to raise his voice in demanding a renewal of the dominion-provincial conference. If by the calling of another conference the life of even one child of a Canadian citizen could be saved, then there should be no hesitation. A grave responsibility rests upon the federal government.

Mr. MARTIN: I am sure we have all listened, and with great profit, to the address we have just heard. Let me say at the outset to the hon. member that the temper of his observations and the constructive nature of his suggestions are in keeping with the kind of cooperation which, as an eminent member of the medical profession, he has given to me since I became Minister of National Health and Welfare. While there may be one or two points on which it may be expected that we shall have different points of view, I want him to know that I shall follow with great interest, not only the speech he made tonight, but also the excellent speech he made in the house early in the present session of parliament.

I would not be doing my duty if in my first observations respecting the estimates of the Department of National Health and Welfare I did not pay what I think the committee generally will recognize as a deserving tribute to my predecessor, the present Minister of National Defence (Mr. Claxton), who took over this department when, on the welfare side, there were new assumptions of responsibility which might well have taxed the ingenuity, energy and imagination of any man given that particular portfolio. Might I add that, while the work of this department is not such as to engage the headlines, it is extremely important and complicated. My daily experience confirms my earlier judgment of the great contribution my predecessor has made in this department.

The hon. member who has just spoken has pointed, and quite properly, to the general health state of this great country of ours. He will not think me unfair, I hope, if I add that in his statement he did not draw the lines which, as Minister of National Health and Welfare, I must draw in respect of the constitutional distribution of powers and responsibilities of the federal government with regard to many of the matters he has discussed. But I do agree with him, and I say to the committee that, while we spend a great deal of time in the discussion of many matters, perhaps there is no field of governmental endeavour on the federal level which touches so directly the welfare of the people of Canada as does this department.

The hon. member referred to arthritis, and perhaps later in the estimates I shall have more to say about this specific item. But I may tell him—and I announce now—that the technique we employed early in January in calling together here in Ottawa, the capital city of our country, those who were interested in cancer control, will be employed again when all the authorities, governmental and professional, in the field of arthritis, are called within a very few months, to see if we cannot provide some coordinating authority to carry on in the field of arthritis; as I ultimately hope to show we did and have done in the important field of cancer.

I am sure hon. gentlemen will regard what I am now saying not in any sense as an expression of political partisanship, because I hope we can follow the lead given by the hon. member who has just spoken in looking at this matter as one which should not divide us on a political basis. Through the officers of my department I have had an opportunity of consultation with Lord Horder who, as hon. members will know, is one of the outstanding authorities in his profession in the rheumatic field, and who has in Great Britain set up a number of investigational clinical centres for the treatment of this malady.

Likewise, Doctor Wallace Graham of Toronto, an eminent physician in this particular field, has also been in consultation with the department. These two sources, to whom I have referred, together with the Canadian Rheumatism Association, will be the basis of a conference which, I hope, will lead to an examination of all the possible avenues available to bring about some relief in respect of this painful affliction.

As the hon. member knows—and I say this in all humility, because I am not a medical man—there is not the same opportunity for fundamental research in the field of arthritis, so I am told, that there is in the field of cancer. In respect of arthritis the research may perhaps best be conducted along with clinical effort or with treatment effort, whereas in respect of cancer, while one should attack it from both the educational and the clinical point of view, perhaps its solution—and I say "perhaps"—lies in the field of fundamental research.

I take this opportunity, because it is the first I have had, to tell the committee what has been attempted in an effort to bring about the control of one of man's deadliest enemies, cancer. I found, shortly after I became minister, that my own feelings with regard to cancer had been seriously considered not only by my own officers but by my predecessor. There have been discussions in this house from time to time. Hon. gentlemen will recall one of our former members who sat not far from where the hon. member for Temiscouata (Mr. Pouliot) now sits and who since has died, a victim of cancer. One cannot help but recall the stirring appeals which he made to this house and nation. I must say that I resolved when I became Minister of National Health and Welfare that whatever energies I possessed would be employed at the outset in seeing if we could not in some way make sure that the instruments of war were made available to our research people and others in this country who might make a contribution in the control of cancer. I found that my predecessor had anticipated me considerably, because steps had already been taken to try to bring about some coordination of cancer control in Canada.

I found, on looking at some of the statistics, some of which have been referred to tonight by the hon. gentleman, that during the war, while we were fighting for decency and freedom, 35,000 of our young men and women died and during that same period 80,000 Canadians died from cancer. I note the following statistics:

	Deaths from cancer
1921	6,153
1925	7,153
1931	9,578
1935	11,156
1940	13,322
1945	14,450

So I say to all sides of the house that this is a problem which must engage our fullest attention. There are extenuating circumstances in these mortality rates which should be observed. The increase is due to two certain factors. First, the population of Canada has increased and, second, the proportion of older people in the Canadian population has become greater. But even if we take those factors into account, there appears to have been an increase of approximately nine per cent in the standardized cancer deathrate. If that trend continues—what I have noted by way of trend is true not only of Canada but of all countries in the world—and no external influences such as immigration or other unknown factors interfere, from now until 1960 some 220,000 people in this country will die of cancer. If the statistics persist in their consistency, 15,000 Canadians will die this year of this dreaded disease. There are some who find these facts repugnant and who think they should not be emphasized, but I am not one of those, nor is the government. We feel that we should face this situation frankly and see if we cannot address ourselves to the problem.

What were we to do? I sat down with my officials and discussed this matter the first day I was in the department. I put myself at their disposal and prepared to use professional knowledge. I was told then of some projects that my predecessor had in mind. I recognize that there is now on a regional basis in this country a great deal of work being done on cancer; I recognize that in Ontario, in Saskatchewan and in practically all provinces to a varying degree there is being done important work on the clinical, on the educational and, to a lesser extent, on the research side. There are centres in Ontario and Quebec particularly, where important research is being done.

There was no suggestion in our minds that these localized efforts to try to find an answer were not commendable; that was not in the thoughts of the Department of National Health and Welfare when we suggested to all provincial governments, to the representatives of the national research council, medical division; the Saskatchewan cancer commission; the Canadian cancer society; the Canadian medical association; the Canadian public health association; the Ontario cancer treatment and research foundation; the Manitoba cancer relief and research institute; the British Columbia cancer foundation, the medical faculties of the universities, that they should send their key men to a conference which was called on January 27 and 28 last here in Ottawa.

There was perhaps no legal authority to call that conference because, under the constitution, matters of health, except those referred to specifically in the British North America Act, came primarily under the provinces.

Many of the provinces regard that particular field jealously; they regard it as a field in which they should have priority of interest in both administration and policy. But it seemed to me that, acting as a friend of the court, as it were, I as Minister of National Health and Welfare might perhaps receive a ready acceptance from all these bodies, including the provincial governments, to attend a conference at which, at any rate, we could have a general discussion of the problem—and we did.

I must pay my tribute tonight to the representatives of the various organizations to which I have made reference, to the medical colleges of the universities and to lay bodies like the Canadian cancer association which have done such a satisfactory job in bringing to public attention the desirability of early diagnosis. The Canadian cancer association has made a very important contribution. I also want to pay a tribute to the officers of my department for the part they played in the conference of last January.

Mr. MacNICOL: May I ask if the medical departments of the provinces cooperated?

Mr. MARTIN: Every one of the provincial departments of health cooperated. I was anxious to learn from them, as I am sure every hon. member would be, whether or not our maximum effort was being put forward to eradicate this disease or whether, as I suggested a moment ago, we were only making a piecemeal attack on a great national hazard. I learned that what has often been referred to as the war against cancer was not a total war. The campaign was, in reality, a series of local attacks, many of them magnificently fought, nevertheless not capable of justifying the designation of an all-out national campaign.

There was the lack of research workers, the lack of laboratory facilities, the lack of coordination of effort, and particularly the lack of the instruments, material and human, by which we could at least say that we were putting forward our best effort. It became apparent as well that the public conscience was uneasy and that the time was ripe to mobilize our entire efforts in some sort of unified or coordinating command or body. The moment had come, it seemed to me, and it seemed to them, when a concerted, well-organized and a properly directed attack on cancer should be pursued. It was generally recognized by those who were there, men like Doctor Charles Best, one of the great collaborators and co-discoverers of insulin, and Doctor Collip and others that I could mention who have made a contribution in one field or another in medical scientific research, that no advance could be made until we had some sort of intelligence report. They canvassed the problem from every angle, and after two days of full discussion preceded by *ex parte* reports and submissions, we were able to arrive at a full measure of agreement. First of all, there was a discussion as to what was being done in the field of education. We reviewed the extent of scientific research at present being carried on at the universities. We heard reports about the facilities set up in the provinces for diagnosis and treatment of sufferers of cancer, and we inquired into the reasons why so few young men were willing to devote themselves to full-time investigation of the causes and cure of malignant growths.

Then our attention was turned to the urgent necessity for assessing the whole problem by means of surveys and the need for adopting some form of uniform reporting, not only of deaths from cancer, but also the data about cases that have been diagnosed, treated and saved from dying. Lastly, and perhaps of most importance, ways and means were explored by which an adequate campaign against cancer could be waged. The conference moved unerringly towards one objective. When we talk about the problem of unity in this country I think of medical men and laymen from all provinces working together so that problems in Canada may be solved. I think, for instance, of Doctor Simard of the university of Montreal, and I think of Doctors Vezina and Bergere of Laval collaborating with men like the former dean of the School of Medicine of the university of Western Ontario, Dean Hall, now president of the university; I think of men like Best and Collip and the dean of McGill and so on, all working toward a common objective.

Mr. POULIOT: And Doctor Adélard Groulx and Mayor Camillien Houde of Montreal.

Mr. MARTIN: One had the impression there of what could be done to meet the objectives of the hon. member for Lanark (Mr. Blair), that this is a problem which should engage our full cooperative effort on all levels of government and of all classes in the community.

We moved unerringly forward to a single objective, namely, that we should formulate and direct a national cancer control programme. It was decided to set up a body that is now known as the National Cancer Institute of Canada. May I say at once the word "institute" may conjure up in the minds of

some the idea of brick and mortar. That, I can say, is not and was not the intention of the founders of the institute. That sort of thing may come later, but an effort will be made first to try to bring about in the three avenues I have mentioned some control of this dreaded disease. No one can guarantee that the efforts of the institute and the work that they may project will succeed; but we should be able to say, I trust, after some years of experiment with this particular technique, that we have done all that we know how as human beings to try to meet this problem.

The institute, I may say, as a result of their own decision is a non-governmental body, non-profit making. The men and women who had come from all parts of Canada decided that it would be better to have this institute modeled along the lines perhaps of the Imperial Cancer Institute in Great Britain and corresponding bodies in the United States which are non-governmental. There was, however, proper acknowledgement of the part which both provincial and federal governments made in initiating the conference. It was thought that cancer control is dependent upon many factors; first, that there is a serious shortage of young scientists in Canada who are qualified or trained in the technique of cancer research. This includes both men and women in laboratory or clinical investigation teams. The reason is apparent. Young graduates in medicine, biology and the physical sciences find that they have to make a living after graduation. This they cannot do on the grants which are available to them through various organizations at present sometimes dispensing aid to research. The universities in many instances are not sufficiently endowed to pay adequate living allowances. The national research council has its responsibility and I am sure, when the problem is canvassed, as it is being canvassed, that body will show and continue to show its deep concern and interest in the problem. The final result, however, is that our young graduates, particularly, those with a bent towards research, are being directed sometimes in other quarters and elsewhere where they are provided with the necessary conditions under which they can give their full attention to investigation without worrying unduly over clothing, shelter and food. The National Cancer Institute plans to do something about this state of affairs.

Second—and this concerns physicians and their patients directly—there is a need for reviving the excellent undergraduate and post-graduate educational programme begun by the Canadian Medical Association before the war. The war made it necessary to abandon temporarily these lectureships throughout the country. Personnel was simply not available with over three thousand doctors in the service.

The founders of the institute declared their belief that the universities, and the medical schools which are actively engaged in cancer research will recruit more research students who have an increasing awareness of their responsibility to professional education. Doctors will be even more enthusiastic in making early diagnosis and in keeping accurate studies of their patients and making close contact with the special treatment centres so wisely provided throughout the provinces.

It was the opinion of the conference that some uniform system of reporting cases and deaths should exist throughout the provinces, and steps will be taken to explore this question as it was explored at the last meeting at the Dominion Council of Health. It is thought that, with every physician contributing to cancer research in this way, the problem of cancer control will attain its true perspective.

Third, it is obvious that physicians can diagnose only the cases of those who come to consult them. This is where the splendid work of the Canadian Cancer Society comes into proper focus. As I have said, this organization deserves the warmest praise of everyone in Canada. They have persistently presented to the people the opportunity and the benefits of early diagnosis and the necessity of medical examination.

One of the conclusions of the conference was that the Minister of National Health and Welfare, as one of the trustees of the King George V cancer fund, should address himself to the trustees of the fund to see if the fund could not be placed at the disposal of the cancer institute to enable it to carry on its work. I regretted having to intervene when the hon. member for Lanark was speaking, but I am sure he will agree that I should have intervened to indicate clearly that this cancer fund was in no wise under the control of the government, but that the Prime Minister, the Leader of the Opposition, the Chief Justice of Canada, the Minister of National Health and Welfare, Professor Boyd of the university of Toronto, and one gentleman representing the insurance bodies should be approached as trustees of the fund to see if the claims of the institute for financial assistance did not deserve attention. I may say that the motion moved by the Prime Minister and seconded by the leader of the opposition reflected the determination of the trustees of the fund to see that every initial opportunity was given to the cancer institute to carry on

its work. That has been done. A sum of money on a three-year basis has been turned over by the trustees of the fund to the cancer institute. The president of the institute is Doctor Blair of Saskatchewan; the vice-president is Doctor Simard of Montreal. Then there is Doctor Low Little, an eminent physician of Guelph and lately of the Department of National Health, who has taken over the active secretaryship and direction of the organization.

Mr. TIMMINS: How much has been turned over to the institute on a three year basis?

Mr. MARTIN: Four hundred and fifty thousand dollars. The idea is to give $150,000 each year for a three-year period. At the end of the first year the directors of the institute are to appear before the trustees and indicate how they have expended the funds.

I simply make this observation and I say this as one who has no official connection now with the institute. My part in it was humble, that of calling a conference together and giving it an opportunity, by virtue of the particular portfolio which I hold, of trying to bring about some decision in the field of coordinated activity and effort.

Mr. HACKETT: How much is in the fund?

Mr. MARTIN: Approximately $490,000 I think, but the institute has been given $450,000. I now speak not as a member of the institute because I am not, but as one who is anxious to see the institute do its job so that no stone will be left unturned. It is important that the beginnings be sound. Whatever assistance comes from the dominion or provincial government—and I am not now making any statement with regard to contributions; that I will do at the proper time—it will be recognized, I am sure, that whatever assistance is given a large sum of money will be needed over the period, and there will be large sums needed if the research projects contemplated by the institute are to be undertaken.

One of the great avenues of assistance will be not only from official but from private sources. I can say at this juncture without in any way breaking confidences that already individuals in this country have shown themselves anxious to make their contribution toward the remedial efforts of one of the greatest maladies known to man, and whenever the institute makes its decision as to the form and nature of its appeal I am sure it will find all groups in this country anxious to make the work of the institute a notable success.

The future of the institute is in the hands of the professional and lay men in this country interested in this problem. I can only say at this juncture that I have exhibited, and I say this humbly, on the part of the department a real interest and a determination to see that we do everything to try to meet this problem.

I think the other matters to which the hon. gentleman referred can be dealt with as we proceed. I want to thank him again for giving me an opportunity to make a statement which I think is of great importance and to say to him how much I appreciate the kind of contribution he himself made tonight.

Mr. TIMMINS: I am sure the committee thanks the minister for his remarks in respect of cancer and the programme of the government with regard to the national cancer institute. There arise out of his remarks some questions with which I should like to deal.

It is quite clear that the King George V silver jubilee cancer fund contains at the present time only $490,000, and the minister stated a few moments ago that $150,000 a year is to be turned over to the institute in each of the next three years. I presume that this money will be used, for the most part in educational work, with a good portion of it being used for research, because that seems to be the matter with which the cancer institute will mostly concern itself.

Mr. MARTIN: I do not quite agree with that statement of the functions of the institute as declared by the institute. I just want to make that reservation.

Mr. TIMMINS: I have before me a return which was made by the minister's department on the 29th of May, in which the question was asked as to the annual expenditure in 1935 to 1945 through the national research council directed at finding the cause and cure of cancer, and the answer given in the return had this to say, among other things:

> Any person qualified to direct medical research and having the required fundamental laboratory facilities at his disposal—

Mr. MARTIN: If the hon. gentleman will permit me, he is referring to something else altogether. I was talking about the institute. He is now referring to the medical division of the national research council.

Mr. TIMMINS: Yes.

Mr. MARTIN: I do not like to interrupt my hon. friend's statement. I perhaps did not state clearly the aims and objects of the institute. They are:

1. To coordinate and correlate the efforts of individuals and organized bodies with a view to reducing the morbidity and mortality from cancer in Canada.

2. To aid in establishing and maintaining or to establish and maintain fundamental research activities in the field of cancer.

3. To assist in the training of prospective scientists who may be interested in the field of cancer research by the award of fellowships for this purpose.

4. To collect, assess and disseminate scientific knowledge and material relating to cancer.

Mr. TIMMINS: I thank the minister for his interruption. The return to which I am referring has to do with applications made and taken care of by the national research council. During the period of some ten years it appears that the national research council spent some $4,364 on cancer research. I would ask the minister this question. Is it not to be assumed that the duties of the national cancer institute will override the former powers and the former work of the national research council in respect of cancer? Will the cancer institute take over the work which formerly the national research council did in regard to cancer?

Mr. MARTIN: To some extent, with the cooperation of the national research council. I regret to have to say that my colleague the Minister of Veterans Affairs has an important motion to make and has to leave before eleven o'clock. I trust the committee will allow him to intervene at this time.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MACKENZIE: Under standing order 45, I should like to move, seconded by the Minister of National Health and Welfare (Mr. Martin):

That the house meet at 3.30 p.m. on Wednesday, June 11, notwithstanding standing order 2 in relation thereto.

That is in order to give our colleagues in the House of Commons an opportunity of meeting our distinguished visitor.

Motion agreed to.

On motion of Mr. Mackenzie the house adjourned at 10.55 p.m. until Wednesday, June 11, at 3.30 p.m.

END OF VOLUME IV